

Public Accounts

of the Province of

Prince Edward Island

Volume I
Consolidated Financial Statements

For the Year Ended March 31st

2022



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To Her Honour
The Honourable Antoinette Perry
Lieutenant-Governor of the Province of
Prince Edward Island

May it Please Your Honour:

The undersigned has the honour to submit herewith the Public Accounts Volume I of the Province of Prince Edward Island for the fiscal year ended March 31, 2022.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D. Mark V. McLane". The signature is written in a cursive, flowing style.

Honourable D. Mark V. McLane
Minister of Finance
October 28, 2022

Department of Finance
Charlottetown, Prince Edward Island

To the Honourable D. Mark V. McLane
Minister of Finance

Sir:

I have the honour to submit herewith the Public Accounts Volume I of the Province of Prince Edward Island for the fiscal year ended March 31, 2022.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jill', with a stylized, cursive script.

Judy Killam, CPA, CGA
Comptroller
October 28, 2022

Office of the Comptroller
Charlottetown, Prince Edward Island

Public Accounts of the Province of Prince Edward Island
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For the Fiscal Year Ended March 31, 2022

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Introduction

The consolidated financial statements of the Province of Prince Edward Island are presented through the publication of the Public Accounts, Volume I. These statements consolidate the financial statements of the Province's Operating Fund with the financial statements of Agencies, Boards and Crown Corporations owned or controlled by the Province. The Operating Fund is comprised of all departments and government units of the Province; it does not include Agencies, Boards and Crown Corporations.

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with Canadian accounting standards for the public sector. Other significant accounting policies used by the Province are described in the Notes to the Consolidated Financial Statements. The consolidated financial statements are prepared by the Comptroller and are audited by the Auditor General, who presents an independent auditor's report to the Legislative Assembly on the results of the audit.

The Public Accounts for the year ended March 31, 2022 consists of three volumes:

Volume I – Consolidated Financial Statements presents the audited consolidated financial statements of the provincial reporting entity as described in Note 1 to the consolidated financial statements. Volume I commences with a Financial Statement Discussion and Analysis section, which provides a narrative review of the financial performance of the Province including presentation of trends along with illustrations of key figures and relationships. The objective of this narrative is to explain and highlight information contained in the consolidated financial statements. It is presented by management to provide a clearer understanding of the Province's financial health.

Volume II – Operating Fund Financial Statements and Details of Revenues and Expenditures presents the unaudited financial statements of the Operating Fund, and the details of revenues and expenditures of the Operating Fund.

Volume III – Financial Statements of Agencies, Boards and Crown Corporations and Funds presents the reproduction of the available audited financial statements of the Province's Agencies, Boards and Crown corporations that have been audited or had a review engagement completed.

The Public Accounts of the Province of Prince Edward Island are tabled in the Legislative Assembly in accordance with Section 61 of the *Financial Administration Act*.

Website – Volumes I, II and III of the Public Accounts are available in PDF format on the Province's website: <https://www.princeedwardisland.ca/en/topic/public-accounts>

Financial Statement Discussion and Analysis

Introduction to the Financial Statement Discussion and Analysis

The purpose of this Financial Statement Discussion and Analysis (FSDA) is to explain and highlight information contained in the consolidated financial statements presented in the Public Accounts. The additional information is intended to be useful by broadening the understanding of the consolidated financial statements beyond those who possess technical expertise.

The FSDA is prepared by the Office of the Comptroller. The information included in the FSDA is based on the audited consolidated financial statements of the Province. The information provided includes narrative explanations and graphical illustrations highlighting the key relationships that exist among the figures set out in the financial statements, as well as explanations and illustrations of variances and trends.

The *Public Accounts of the Province of Prince Edward Island* is an annual financial summary and accountability report of the Government of Prince Edward Island. The FSDA provides additional analysis and key indicators of the Province's performance. The Province's consolidated financial statements show an annual surplus for the year ended March 31, 2022, of \$83.8 million, which is an increase of \$89.4 million from the deficit reported in 2020-21. Net debt for the 2021-22 fiscal year is \$2,308.8 million, which is an increase of \$9.5 million from 2020-21. The accumulated deficit now stands at \$893.8 million.

The following tables and charts illustrate summary financial information for the fiscal year ended March 31, 2022.

Summary Financial Information

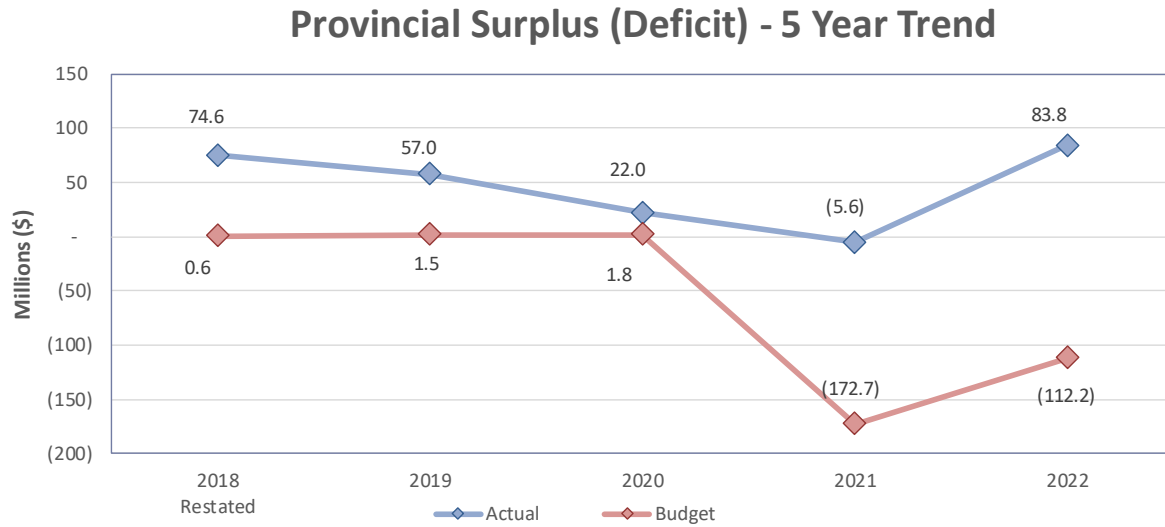
The tables below show a summary of key financial measures for the Province of Prince Edward Island for the fiscal years ending 2021 and 2022.

	2022	2021
	(Millions)	
Consolidated Statement of Operations		
Revenue - Provincial Sources	\$ 1,619.0	\$ 1,396.4
Revenue - Federal Sources	1,033.7	968.2
Total Revenues	\$ 2,652.7	\$ 2,364.6
Expenses	2,568.9	2,370.2
Annual Surplus (Deficit)	\$ 83.8	\$ (5.6)
Consolidated Statement of Changes in Net Debt		
Opening Net Debt	\$ (2,299.3)	\$ (2,205.0)
Annual Surplus (Deficit)	83.8	(5.6)
Other Comprehensive Income	12.8	22.7
Change in Net Investment in Tangible Capital Assets	(105.2)	(96.0)
Change in Other Non-Financial Assets	(0.9)	(15.4)
Total Change in Net Debt	\$ (9.5)	\$ (94.3)
Ending Net Debt	\$ (2,308.8)	\$ (2,299.3)
Consolidated Statement of Financial Position		
Financial Assets	\$ (1,935.7)	\$ (1,687.4)
Liabilities	4,244.5	3,986.7
Net Debt	\$ 2,308.8	\$ 2,299.3
Net Tangible Capital Assets	\$ 1,373.2	\$ 1,268.0
Other Non-Financial Assets	41.8	40.9
Total Non-Financial Assets	\$ 1,415.0	\$ 1,308.9
Accumulated Deficit	\$ 893.8	\$ 990.4
Financial Indicators		
Net Debt as a Percentage of GDP	26.4%	30.6%
Own Source Revenue as a Percentage of GDP	18.5%	18.6%
Program Expenditures as a Percentage of GDP	26.9%	28.8%
Interest Costs as Percentage of Total Revenue	4.6%	5.1%
Federal Government Transfers as a Percentage of Total Revenue	39.0%	41.0%

Provincial Surplus (Deficit)

The provincial surplus (deficit) is the net financial result of the year's operations. For the fiscal year ended March 31, 2022, total revenue was \$2.7 billion (2021 – \$2.4 billion) and total expenses were \$2.6 billion (2021 - \$2.4 billion). The resulting surplus of \$83.8 million was \$89.4 million higher than the prior year's deficit of \$5.6 million.

The Province has reported the following net financial results over the past five years:



Revenue and Expenses per Capita

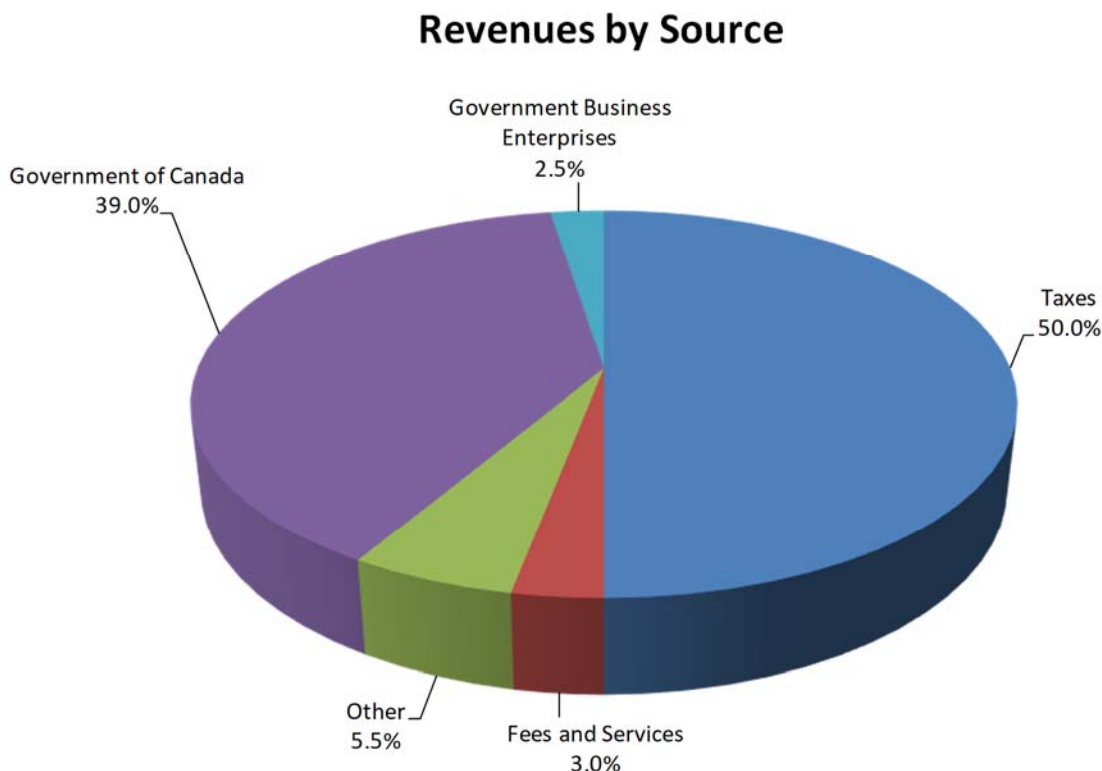
Revenue and expenses per capita is a measure of the amount of income earned and expenditures per resident of P.E.I. The provincial surplus (deficit) increased by \$544 per capita, from a \$35 deficit in 2021 to a \$509 surplus in 2022. Per capita information for the past five years is shown below:

Revenue and Expenses per Capita - 5 Year Trend



Revenues

Revenues are monies received for the sale of goods, fees and services, licenses and permits, taxes, and transfers from the Government of Canada. As illustrated in the chart below, the majority of revenues (89.0%) for the year came from taxes and federal government transfers.



Revenue for the year ending March 31, 2022 was \$2,652.7 million, an increase of \$288.1 million (12.2%) over 2020-21. The increase was primarily from Government of Canada transfers (\$65.5 million) and tax revenue (\$189.8 million).

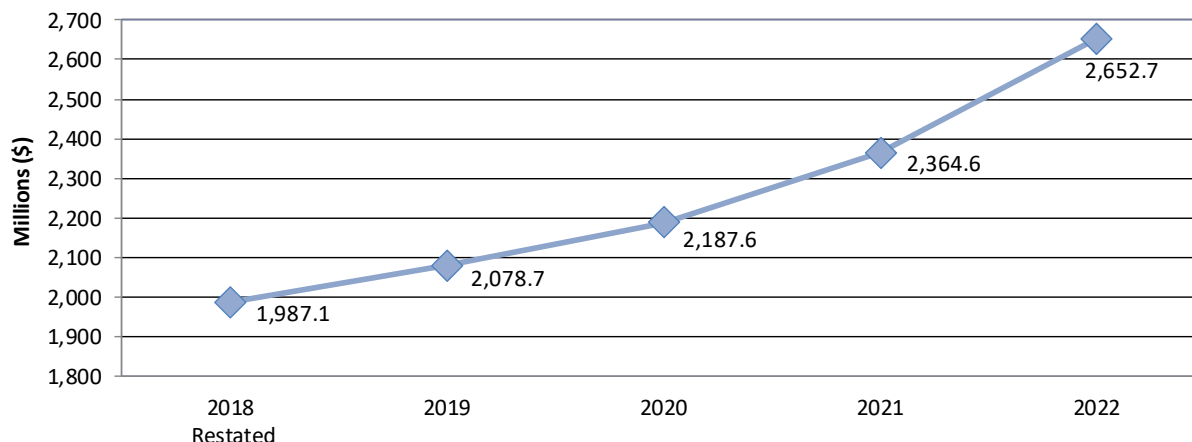
Government of Canada transfers are based on negotiated agreements, such as Infrastructure Programs, Equalization, and COVID-19 Response and Recovery fund. Overall, the increase of \$65.5 million (6.8%) in 2021-22 is primarily attributed to a \$58.8 million increase in infrastructure programs, \$29.7 million increase in Equalization payments, \$7.3 million increase in the Canada Health Transfer, and \$6.0 million increase from the new Canada-Wide Early Learning and Child Care Agreement. These increases were partly offset by a \$47.3 million decrease in COVID-19 Response and Recovery funding. Infrastructure programs, such as the Investing in Canada Plan, are claim based programs. The COVID-19 pandemic delayed these programs in prior years, moving both the work and the claims forward to 2021-22. As milestones were achieved, claims were submitted for reimbursement, resulting in an increase in the funding received. Equalization funding is based on a per capita basis and the Province's population has grown, contributing to an increase in the funding received. COVID-19 Response and Recovery funding has decreased as federally funded programs have ended.

Tax revenue grew by \$189.8 million (16.7%). Personal income tax increased by \$68.4 million after pandemic-related support programs continued longer than expected in 2021 for individuals and improved personal tax bases. Sales tax increased by \$76.7 million as a result of growth in the sale of taxable items. Corporate Income Tax increased by \$27.2 million after a stronger recovery from the pandemic. Real Property tax saw an increase of \$8.3 million as a result of increases in both the property tax rates and the assessed market values of properties.

Over the last five years, revenues have increased by \$665.6 million (33.5%). Provincial sources have increased by \$350.5 million and federal sources have increased by \$315.1 million. Provincial sources have increased as a result of the strong housing market and a stable economy. Sales, corporate and personal income tax have been subsequently impacted. Federal government transfers have been trending upwards as funding models change with population growth and programs, such as infrastructure and capital funding.

Revenues					
	(Millions)				
	2018	2019	2020	2021	2022
<i>Provincial Sources</i>	Restated				
Taxes	\$ 1,016.4	\$ 1,035.4	\$ 1,060.8	\$ 1,138.3	\$ 1,328.1
Fees and Services	65.3	70.9	76.1	77.1	79.1
Government Business Enterprises	70.7	64.7	71.0	63.0	67.2
Other	116.1	134.4	131.5	118.0	144.6
Total Provincial Sources	\$ 1,268.5	\$ 1,305.4	\$ 1,339.4	\$ 1,396.4	\$ 1,619.0
<i>Federal Sources</i>					
Equalization	390.2	418.8	419.0	454.1	483.9
Canada Health and Social Transfers	209.6	218.1	231.7	241.7	251.5
Other	118.8	136.4	197.5	272.4	298.3
Total Federal Sources	\$ 718.6	\$ 773.3	\$ 848.2	\$ 968.2	\$ 1,033.7
Total Revenues	\$ 1,987.1	\$ 2,078.7	\$ 2,187.6	\$ 2,364.6	\$ 2,652.7

5 Year Trend of Total Revenue



Revenue Budget to Actual Analysis

A review of actual revenue compared to budget in 2021-22 showed a variance of \$260.8 million (10.9%). The increase was related to higher than anticipated tax revenue and Government of Canada funding.

Revenues - Budget to Actual Comparison			
(Millions)			
	2022 Budget	2022 Actual	Variance \$
Taxes	\$ 1,141.6	\$ 1,328.1	\$ 186.5
Licenses and Permits	39.1	45.5	6.4
Fees and Services	75.7	79.1	3.4
Sales	26.9	31.5	4.6
Investment Income	11.5	16.1	4.6
Other Income	27.5	39.1	11.6
Government of Canada	999.2	1,033.7	34.5
Government Business Enterprises	58.5	67.2	8.7
Sinking Fund Earnings	11.9	12.4	0.5
Total Revenues	\$ 2,391.9	\$ 2,652.7	\$ 260.8

Taxes were \$186.5 million (16.3%) higher than projected. Several categories, primarily personal income tax, sales tax and corporate income tax accounted for the revenue growth. Personal income taxes were \$98.4 million higher than estimated primarily due to pandemic-related support programs continuing longer than expected in 2021 and the impacts of the pandemic being less severe than initially predicted for 2021-22. Sales Tax was \$53.4 million higher than budget primarily due to a prior year adjustment that was unbudgeted and a faster growth in the economy than expected. Corporate income taxes were \$37.8 million higher than estimated after a stronger recovery in the economy from the pandemic.

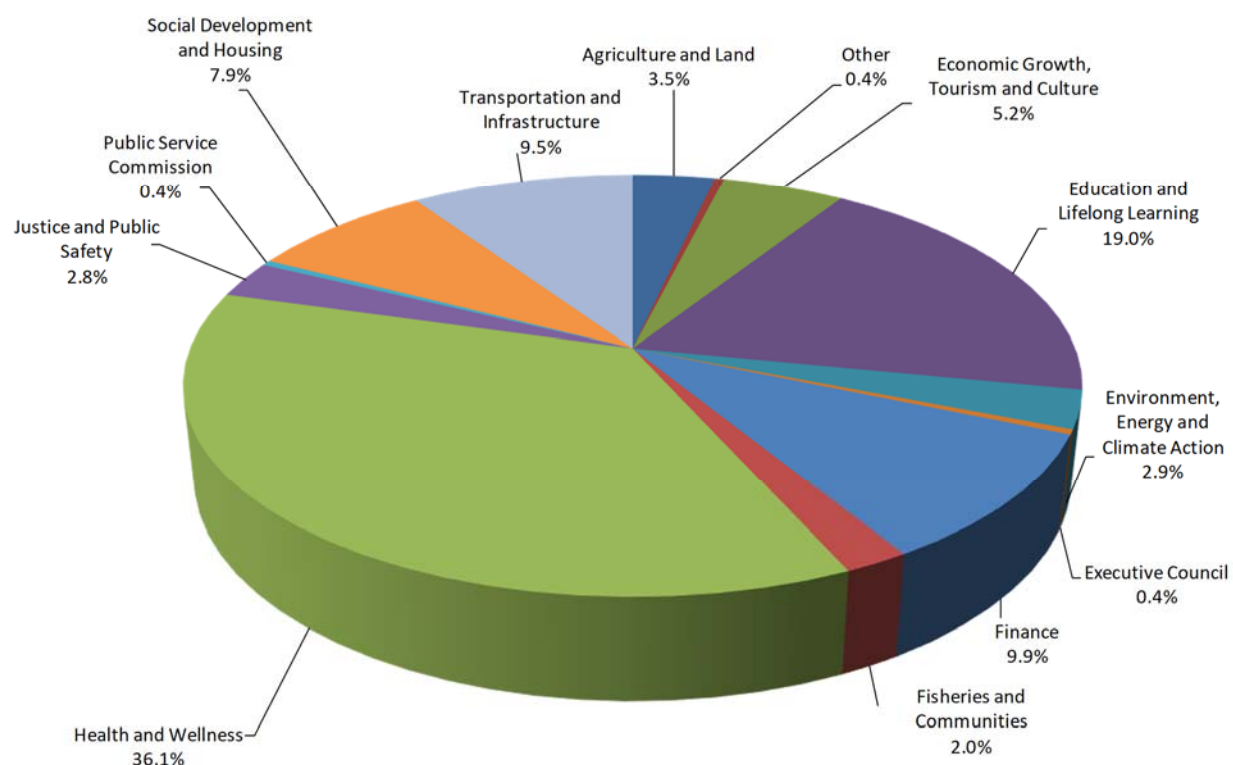
Government of Canada revenue was \$34.5 million (3.5%) higher than budgeted. When the budget was prepared, there was no final commitment for COVID-19 Recovery and Response funding from the federal government on most funding programs. As a result, only \$3.1 million, was included in the budget which resulted in \$37.4 million in unanticipated revenues. Additionally, the new Canada-Wide Early Learning and Child Care agreement, valued at \$6.0 million, was not included in the budget. Conversely, Infrastructure funding was under budget by \$14.1 million after receiving an extension to complete infrastructure projects in the next fiscal.

Other Income was \$11.6 million higher than budgeted mostly as a result of Health PEI having received a \$5.3 million unexpected employer rebate from the Worker's Compensation Board, as well as \$3.0 million in unexpected contributions from the Queen Elizabeth Hospital Foundation.

Expenses

Expenses are costs associated with administering programs, such as healthcare, education, social services, and transportation. Expenses are reported by department to reflect costs associated with specific sectors. In 2021-22, the Departments of Health and Wellness and Education and Lifelong Learning accounted for 55.1% of total program expenses.

Program Expenses by Ministry



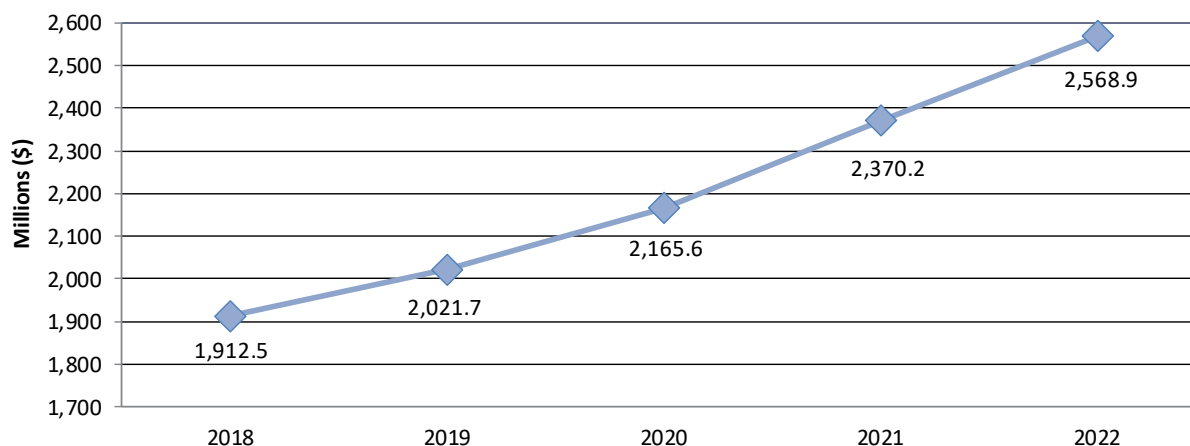
Expenses for the year ending March 31, 2022, were \$2,568.9 million, an increase of \$198.7 million (8.4%) over 2020-21.

Program expenses are expenses associated with delivering programs. Interest charges on debt and amortization are not attributed to a single program, but to all of government collectively. Program expenses increased by \$190.8 million (8.8%), while interest and amortization increased by \$7.9 million (3.7%).

Over the past five years, total expenses have increased by \$656.4 million (34.3%) while total revenues have trended upwards by \$665.6 million (33.5%). Expenditure increases are a result of inflation and implementation of programs and services to address priorities of government.

Expenses					
(Millions)					
	2018	2019	2020	2021	2022
Expenses					
Program Expenses	\$ 1,710.8	\$ 1,818.6	\$ 1,956.1	\$ 2,158.3	\$ 2,349.1
Interest Charges on Debt	125.5	126.0	125.9	121.2	121.0
Amortization	76.2	77.1	83.6	90.7	98.8
Total	\$ 1,912.5	\$ 2,021.7	\$ 2,165.6	\$ 2,370.2	\$ 2,568.9

5 Year Trend of Total Expenses

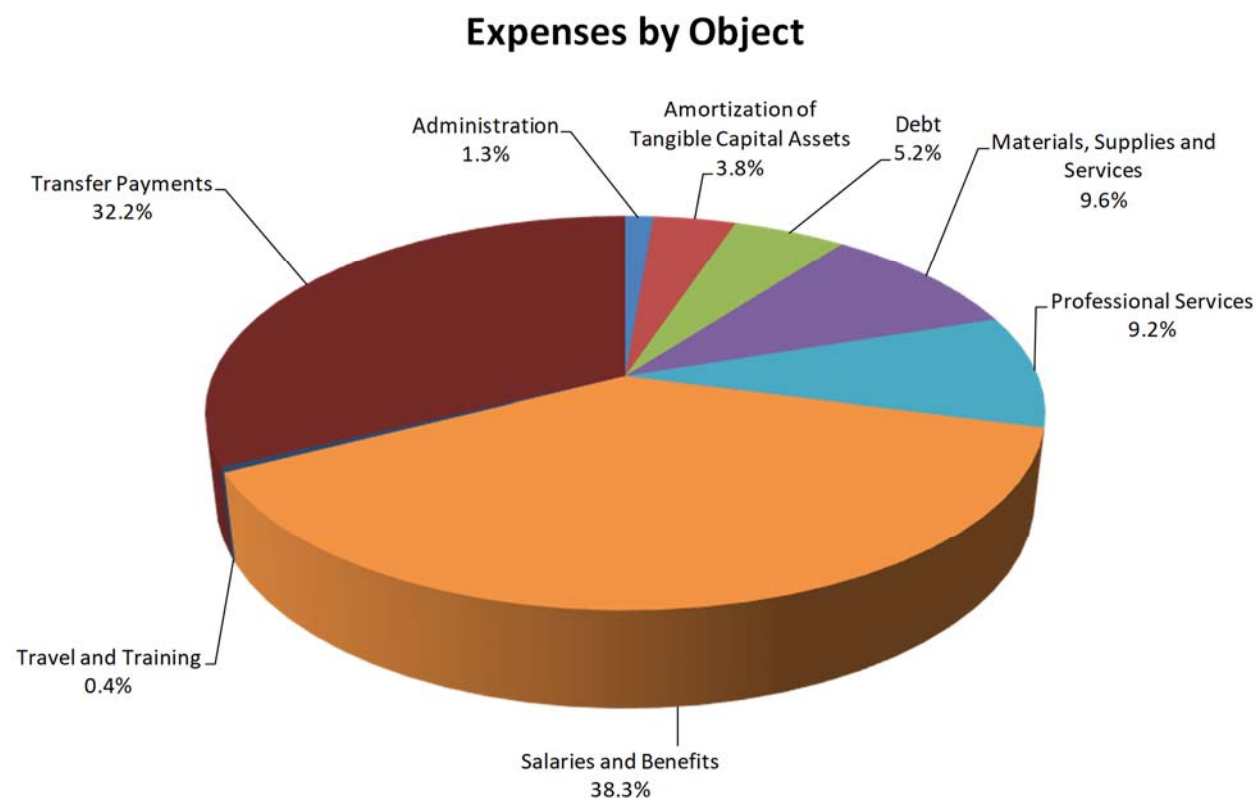


Expenses by Object

Expenses by Object provide an additional level of detail to identify expenses by their category. The two major types of program expenditures incurred during 2021-22 were salaries and benefits of \$983.3 million (38.3%) and transfer payments of \$827.0 million (32.2%).

Salaries and benefits is the largest category of expense. Many programs administered by the Province are service-based and require people to provide them. Salaries and benefits increased by \$41.9 million (4.5%) from 2020-21.

Transfer payments are grants and funding programs managed by the Province. They include payments such as social assistance, labor market funding, daycare funding and other grants. Transfer payments increased by \$102.4 million (14.1%) from 2020-21.



Expense Budget to Actual Comparison

Actual expenses compared to budget in 2021-22 were \$64.8 million (2.6%) higher than projected. The main ministries contributing to the variance include the Departments of Agriculture and Land, Education and Lifelong Learning, Finance, Social Development and Housing and Transportation and Infrastructure.

Expenses - Budget to Actual Comparison			
(Millions)			
	2022 Budget	2022 Actual	Variance \$
Agriculture and Land	\$ 95.6	\$ 81.5	\$ (14.1)
Auditor General	2.7	2.2	(0.5)
Economic Growth, Tourism and Culture	122.2	121.5	(0.7)
Education and Lifelong Learning	424.2	446.9	22.7
Environment, Energy and Climate Action	77.1	69.6	(7.5)
Executive Council	10.0	9.8	(0.2)
Finance	200.3	231.6	31.3
Fisheries and Communities	47.2	47.1	(0.1)
Health and Wellness	842.2	848.6	6.4
Justice and Public Safety	66.6	66.5	(0.1)
Legislative Assembly	8.0	7.7	(0.3)
Public Service Commission	8.6	8.3	(0.3)
Social Development and Housing	172.8	185.4	12.6
Transportation and Infrastructure	199.7	222.4	22.7
Total Program Expenses	\$ 2,277.2	\$ 2,349.1	\$ 71.9
Interest Charges on Debt	128.3	120.8	(7.5)
Interest Charges on Capital Obligations	-	0.2	0.2
Amortization of Tangible Capital Assets	98.6	98.8	0.2
Total Expenses	\$ 2,504.1	\$ 2,568.9	\$ 64.8

The ministry of Agriculture and Land was collectively under budget by \$14.1 million. P.E.I. Agriculture Insurance Corporation was under budget \$22.9 million due to lower AgriInsurance and AgriStability indemnity claims. AgriInsurance's budget is set based on actuarial estimates. A strong growing season resulted in lower claims. AgriStability is a demand driven program based on market conditions, and financial demand did not meet expected targets. The department was over budget \$8.2 million primarily as a result of the potato wart crisis identified during the Fall of 2021. The department, with Treasury Board approval, implemented initiatives to support potato producers. Spending in response to the potato wart crisis was \$10.9 million, partly offset by savings at the departmental level.

The ministry of Education and Lifelong Learning was collectively over budget by \$22.7 million primarily due to \$12.2 million in additional spending for the Public Schools Branch. Drivers include increased utility costs due to inflation, collective agreement settlement costs and delayed completion of prior year maintenance projects. The department was overbudget \$10.5 million as a result of new investments in early childhood education supported by the Federal government, and planning and start-up costs for the new Medical School which includes an expanded faculty of nursing and a health and wellness clinic at the University of Prince Edward Island.

The ministry of Finance was collectively over budget \$31.3 million after significant initiatives funded by General Government were issued for COVID (\$85.0 million). Cost savings were realized throughout the department and with Employee Benefits. Department savings resulted from operations and salary savings (\$4.7 million). Employee Benefits was under budget after seeing higher contributions, an improved discount rate and less retirement pay, sick time and vacation used (\$7.2 million).

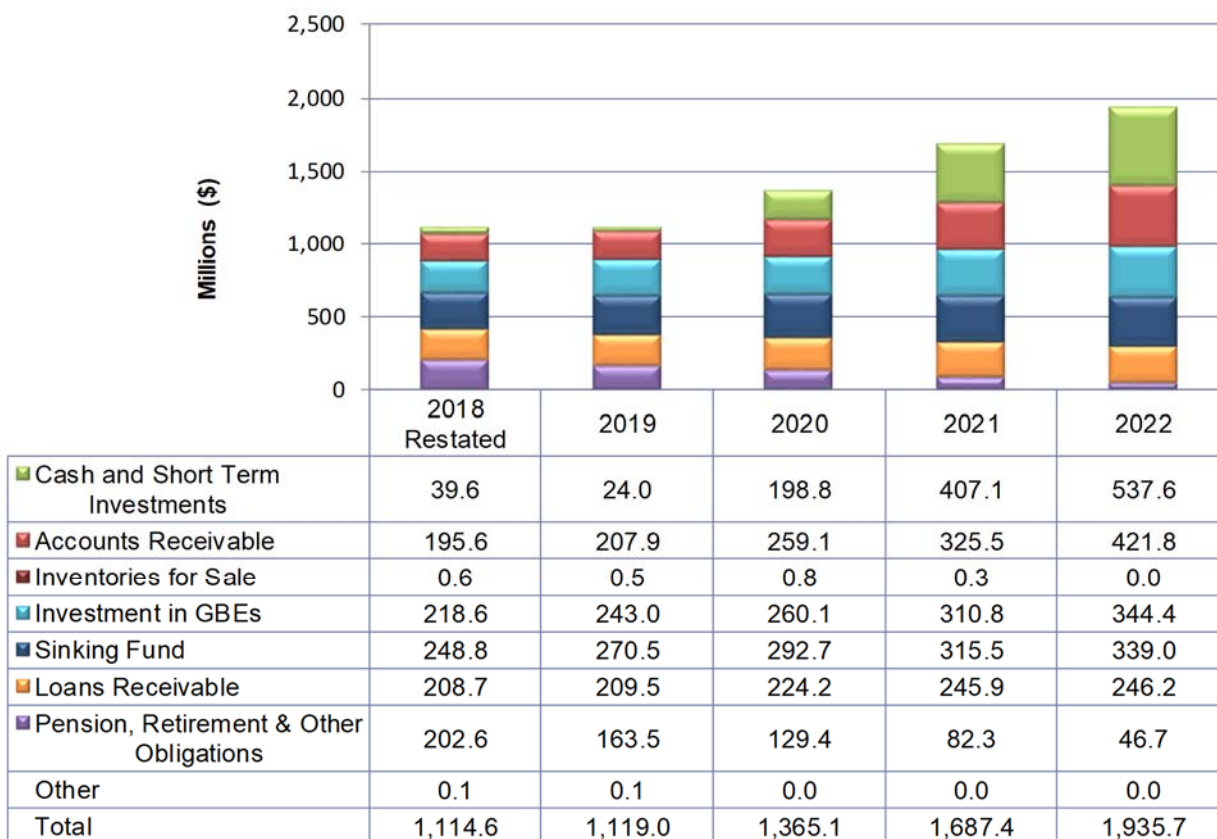
The ministry of Social Development and Housing was over budget by \$12.6 million, mainly due to new or increased initiatives under the P.E.I. Housing Corporation. These initiatives included Municipal Infrastructure funding (\$5.0 million), community grants to partners to construct housing (\$3.0 million) and an increase in Social Assistance and AccessAbility support rates (\$2.1 million).

The ministry of Transportation and Infrastructure was over budget by \$22.7 million primarily due to a \$13.3 million increase in infrastructure grant spending. Additionally, the department spent \$2.9 million more than anticipated on necessary bridge repair and maintenance costs, \$4.7 million on winter and summer highway maintenance contract services tied to rising CPI rates and fuel costs and an additional \$1.8 million on winter salt and sand to ensure adequate supply was on hand in the event of a supply-chain disruption.

Changes in Financial Position

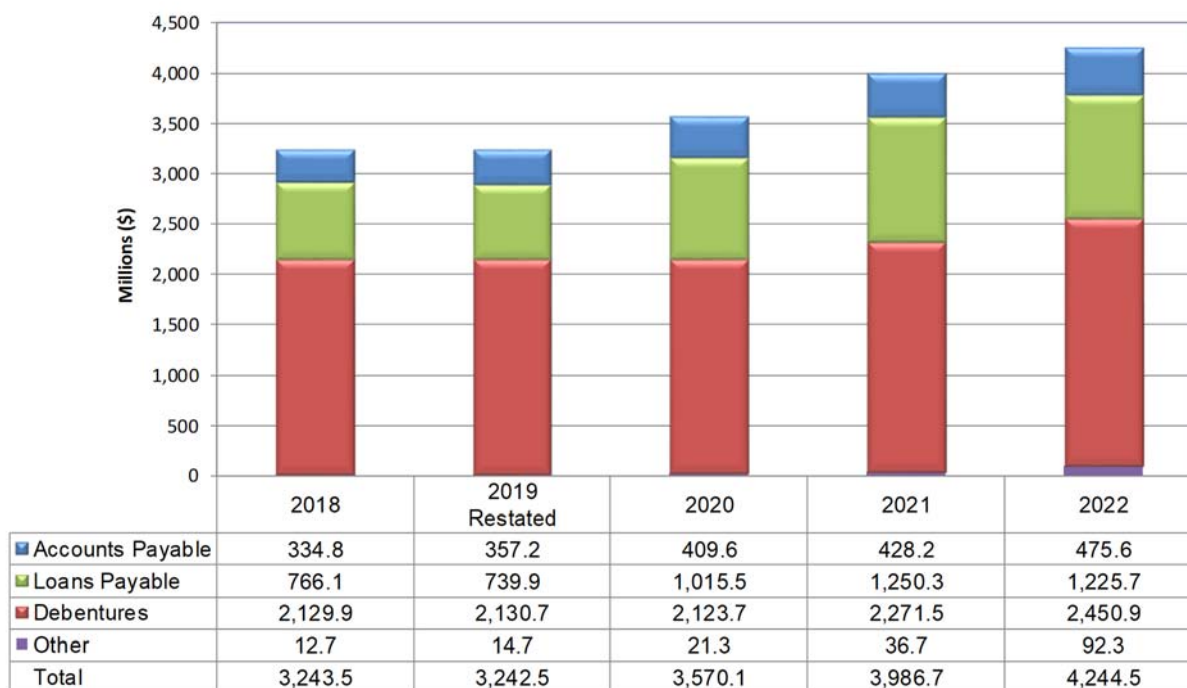
Financial Assets are assets such as cash, receivables, and investments which could provide resources to discharge existing liabilities or finance future operations. Financial assets totalled \$1,935.7 million in 2021-22, an increase of \$248.3 million (14.7%) since 2020-21. Financial assets have increased by \$821.1 million (73.7%) over the past five years, most notably from 2020 to 2022, after accumulating funds for a liquidity reserve. The reserve is held to ensure sufficient cash flows are available to meet operating requirements.

Financial Assets - 5 Year Trend



Liabilities are debts or monetary obligations such as accounts payable, loans payable and debentures. Liabilities were \$4,244.5 million in 2021-22, an increase of \$257.8 million (6.5%) since 2020-21. Over the past five years, liabilities increased by \$1,001.0 million (30.9%) primarily in short-term loans payable and long-term debentures. Short-term loans payable increased to accommodate the liquidity reserve that is held in short-term investments. Long-term debentures increased after converting short-term loans payable to debentures once the capital market conditions improved.

Liabilities - 5 Year Trend



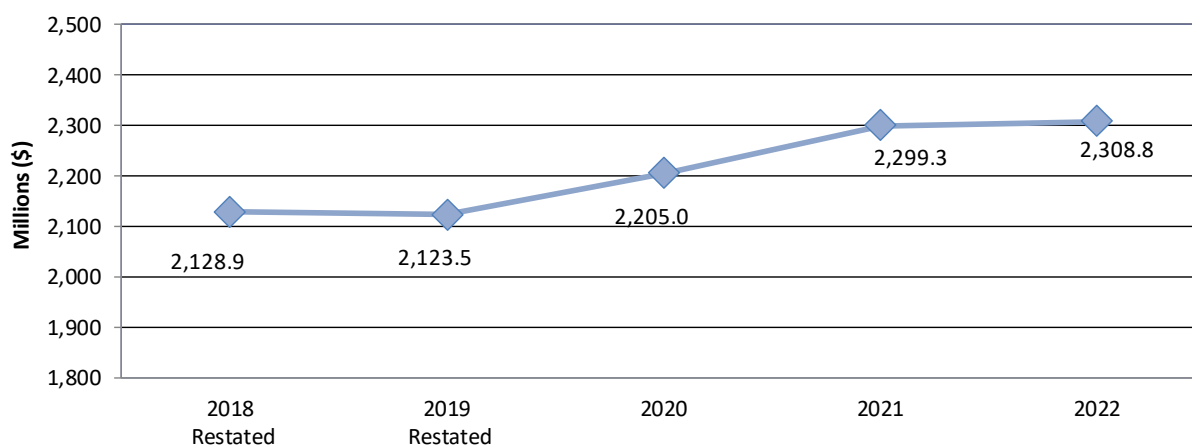
Non-Financial Assets are assets consumed in the delivery of government services. They do not normally provide resources to discharge existing liabilities. Non-financial assets include net tangible capital assets, inventories, property holdings, prepaid expenses and other deferred charges. Non-financial assets were \$1,415.0 million in 2021-22, an increase of \$106.1 million (8.1%) since 2020-21 and \$347.9 million (32.6%) since 2017-18. Net tangible capital assets account for the majority of non-financial assets (97.0%).

Net tangible capital assets (TCA) are assets such as buildings, roads, and bridges that are normally employed to deliver government services. TCA increased \$105.2 million (8.3%) from 2020-21 and \$325.8 million (31.1%) since 2017-18. The significant increases in 2021 and 2022 were the result of an investment in roads and bridges, buildings and motor vehicles that outpaced the amortization of assets already owned.

Net Tangible Capital Assets					
	<i>(Millions)</i>				
	2018	2019	2020	2021	2022
Opening Balance	\$ 1,010.8	\$ 1,047.4	\$ 1,091.4	\$ 1,172.1	\$ 1,268.0
Additions	112.6	122.4	165.0	188.0	204.7
Net Disposals	(4.1)	(1.2)	(0.6)	(1.4)	(0.7)
Amortization	(76.2)	(77.2)	(83.6)	(90.7)	(98.8)
Adjustments	4.3	-	(0.1)	-	-
Closing Balance	<u>\$ 1,047.4</u>	<u>\$ 1,091.4</u>	<u>\$ 1,172.1</u>	<u>\$ 1,268.0</u>	<u>\$ 1,373.2</u>

Net Debt represents the amount of liabilities to be funded from future revenue. This includes the funding of tangible capital assets that will be used in future periods. Net debt increased modestly since 2017-18 to \$2,308.8 million (8.4%). In 2021-22, net debt slightly increased by \$9.5 million (0.1%) as a result of investments in tangible capital assets (\$105.2 million), the annual surplus (\$83.8 million) and other comprehensive income (\$12.8 million).

Net Debt - 5 Year Trend



COVID-19 Response

The Province's response to COVID-19 has been first and foremost a public health response to ensure Islanders were kept safe and had the best chance to recover quickly and safely from the virus. Secondary response included addressing the economic and social impacts of COVID-19 to individuals, businesses, sectors and industries.

The Government of Prince Edward Island continued to work closely with the Chief Public Health Office to ensure public health measures were supported. It engaged Islanders, business sectors, community organizations and the federal government to ensure economic and social response efforts were flexible and addressed the immediate needs of those impacted by the pandemic.

The budget to support COVID-19 programming for the 2021-22 fiscal year was provided to the Department of Finance. All COVID-19 programs required approval from Treasury Board. The original budget for COVID-19 programming was established at \$50.0 million. During the year, two special warrants valued at \$15.0 million and \$25.0 million were authorized. The total budget available for COVID-19 programs in 2021-22 amounted to \$90.0 million.

Budget plans were developed with the knowledge that COVID-19 restrictions were being relaxed and a gradual return to normal life was expected. During the year, P.E.I. experienced additional waves of COVID-19 illnesses requiring enhanced public health measures and shuttering of schools and businesses. The last shutdown occurred in January 2022. Supports to businesses and individuals were established in conjunction with the lockdown. Determining the exact level of support required was difficult. Authorizations for new programs were established based on best estimates of the uptake and using information known at the time.

The following table summarizes the actual expenses by the department managing programs related to COVID-19 supports that were approved by Treasury Board and funded by General Government's contingency fund:

Expenses - COVID-19	
(Thousands)	
	2022 Actual
Agriculture and Land	\$ 1,201
Economic Growth, Tourism and Culture	5,408
Innovation PEI	892
Tourism PEI	11,433
Education and Lifelong Learning	11,694
Executive Council	320
Finance	13,312
Fisheries and Communities	595
Employment Development Agency	1,379
Health and Wellness	14,115
Health PEI	19,069
Justice and Public Safety	2,384
Social Development and Housing	1,495
Transportation and Infrastructure	1,695
Total	\$ 84,992

The variance between the budgeted and actual expenditures is due in part to the level of uncertainty when the original budget was established and when the programs were initiated at various points during the year.

The federal government provided targeted support to assist PEI with priority programming; however, at the time the budget was prepared there was no final commitment on most programs and only \$3.1 million was included in the budget. Actual revenues related to COVID-19 transfers from the federal government amounted to \$40.5 million.

Indicators of Financial Health

This section provides indicators of the Province's financial condition and follows the Public Sector Accounting Board (PSAB) statement of recommended practice, using information provided in the Province's consolidated financial statements as well as other standard socio-economic indicators such as nominal Gross Domestic Product (GDP). GDP is the measure of the value of the goods and services produced in the Province in a year. The Province's GDP is measured and reported by Statistics Canada. The following analysis is based on the most current data at the time of publication.

The analysis provides results in a manner that improves transparency and provides a clearer understanding of recent trends in the Province's financial health. Trends over the last five years are provided for sustainability, flexibility, and vulnerability indicators as recommended by PSAB. These terms are defined as follows:

- ✓ **Sustainability:** the degree to which a government can maintain existing programs and meet creditor requirements without increasing taxes or the debt burden on the economy.
- ✓ **Flexibility:** the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues or increasing its debt burden.
- ✓ **Vulnerability:** the degree to which a government becomes dependent on, and therefore vulnerable to, sources of revenue outside its control or influence, both domestically or internationally.

Though many potential indicators are available, those we found to be the most relevant, measurable, and transparent to users of government financial information are included. Similar data series are also widely used by banks and other financial institutions, investors, and credit-rating agencies.

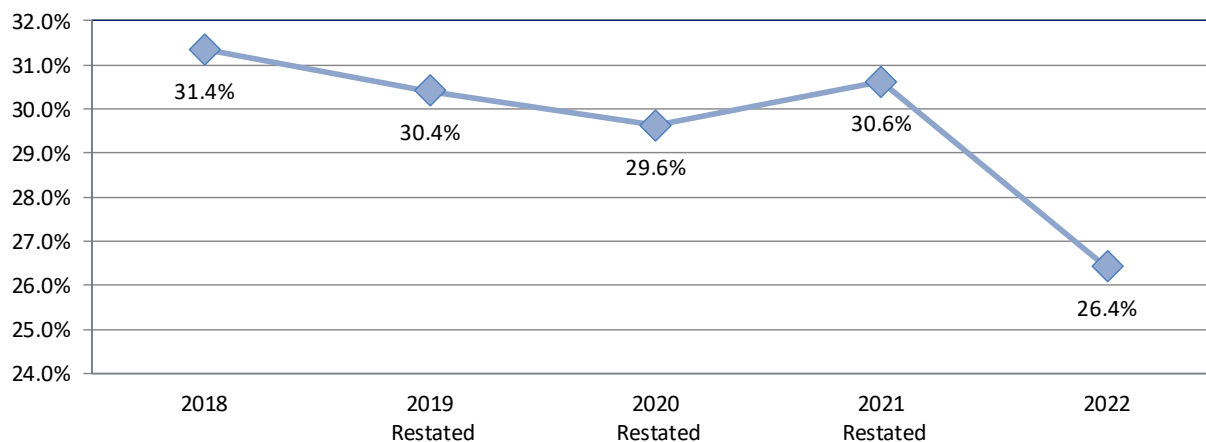
In evaluating a government's financial health, it should be acknowledged that governments have exposure to a number of variables that are beyond their direct scope of control, but still can exert major influences on financial results and indicators. These include but are not limited to:

- Changing global economic conditions such as energy prices, commodity prices, investment valuations, and inflation;
- Changes to international financial conditions that impact interest rates, currency fluctuations, or availability of credit;
- Changes to federal transfers or programs; and
- Emergencies such as storms, floods, forest fires, and pandemics.

Sustainability

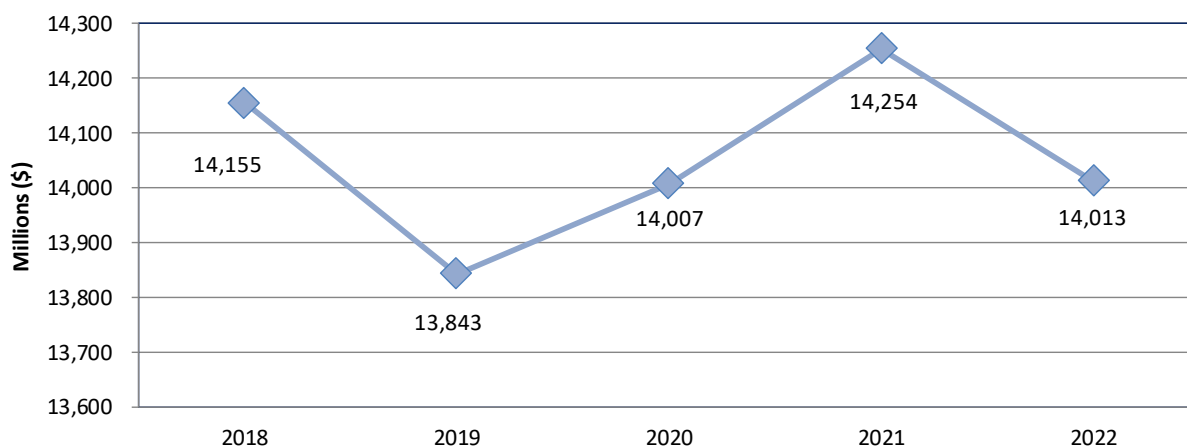
Net debt is an indication of the extent to which the Province's liabilities exceed financial assets. The net debt-to-GDP ratio shows the relationship between net debt and the economy. If the ratio is declining, growth in the economy is exceeding growth in net debt, resulting in improved sustainability. Conversely, an increasing net debt-to-GDP ratio indicates net debt is increasing faster than growth in the economy and serving to reduce the Province's financial sustainability.

Net Debt as a Percentage of GDP



The net debt-to-GDP ratio had been on a downward trend since 2018, with a slight increase in 2021. A significant investment in net tangible capital assets meant net debt grew slightly faster than the economy. The downward trend resumed in 2022 primarily as a result of experiencing a surplus in the year.

Net Debt per Capita



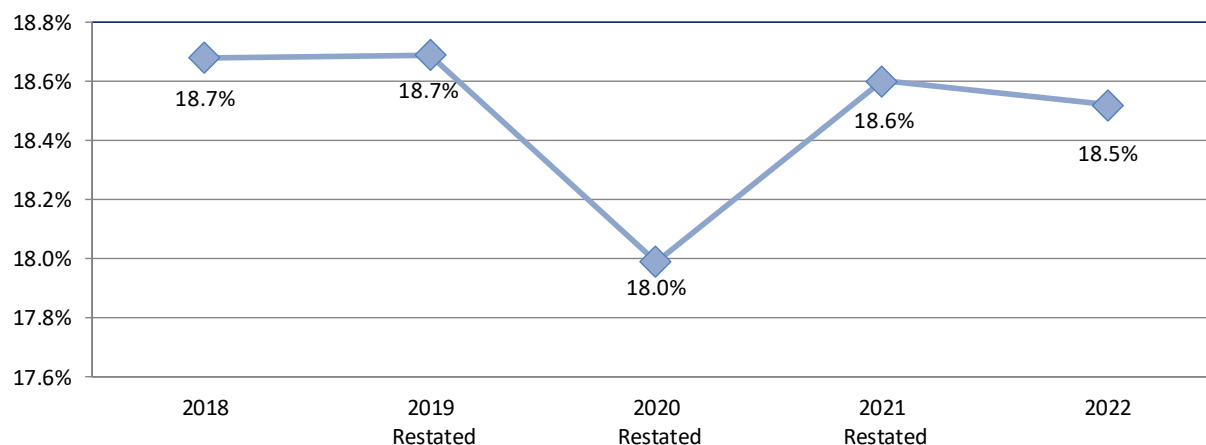
The net debt per capita ratio is a measure of the Province's ability to meet short and long-term debt obligations. The downward trend from 2018 to 2019 was a result of a strengthening financial position with a modest increasing trend in population. The upward trend in 2020 and 2021 was a result of large investments in net tangible capital assets. A combination of an increase in the

annual surplus, a continuation of large investments in net tangible capital assets and an increasing population have resulted in the change in 2022.

Flexibility

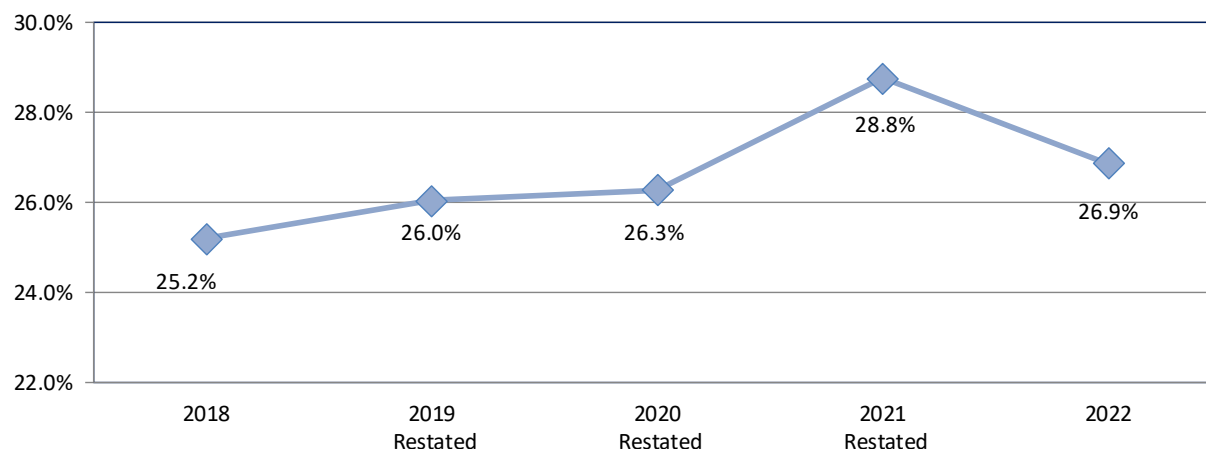
Own source revenue is an indicator of government revenue derived from the provincial economy, through taxation and other sources, compared to the provincial GDP. This ratio has remained relatively constant over the past five years. This ratio indicates that the Province's own source revenue is changing at a rate consistent with growth in GDP.

Own Source Revenue as a Percentage of GDP

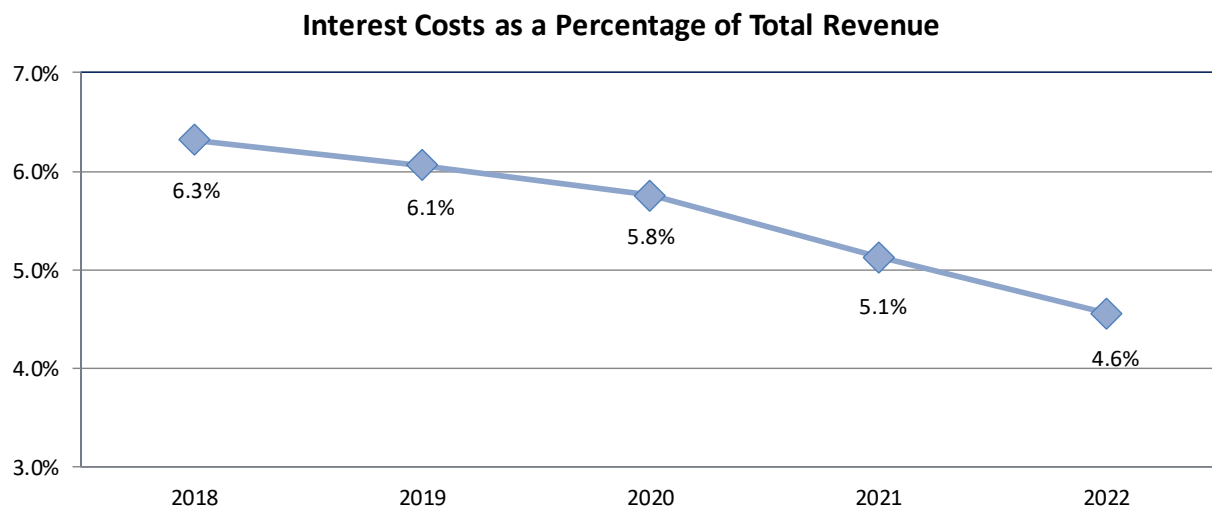


Program expenditures as a percentage of GDP are an indicator of government spending in comparison to the landscape of the provincial economy. The program expenditure to GDP ratio since 2018 has been relatively consistent from year to year, as program expenditures have increased in line with the strengthening economy. In 2021, the increase was primarily a result of pandemic-related spending, which has started to decline in 2022.

Program Expenditures as a Percentage of GDP



Debt service costs as a percentage of total revenue is an indicator of the Province's ability to satisfy existing credit requirements in the context of the government's overall revenue. Debt service costs can be impacted by variables outside the direct control of government, such as credit ratings, interest rates, financial markets and currency fluctuations. Investment in public infrastructure resulting in a change in the amount of debt can also influence borrowing requirements. An increase in this ratio indicates that debt service costs are a larger financial burden on the Province's finances. A decrease in this ratio indicates that debt service costs are a smaller financial burden on the Province's finances, allowing for a greater percentage of financial resources to provide public programs and services.



Vulnerability

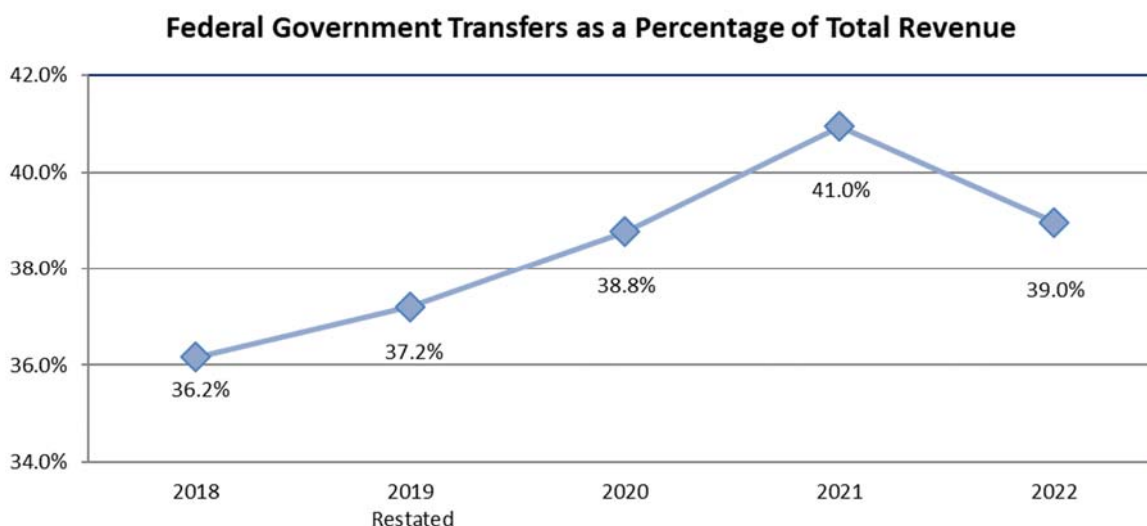
A common measurement of vulnerability is federal government transfers as a percentage of revenue.

Revenue from federal sources is comprised of conditional and unconditional grants from the federal government, including:

- Fiscal Equalization Program payments;
- The Canada Health Transfer and the Canada Social Transfer; and
- Conditional grants or capital revenue in support of economic development, infrastructure, education, labour training, and other areas.

Federal transfer payments can be affected by both federal fiscal policy decisions, as well as the normal annual estimate process that guides federal payments under the Equalization Program and Canada Health and Social Transfers. Both of these factors can contribute to year-to-year changes in the level of transfers.

Comparing the level of federal transfers to total revenue provides an indication of the vulnerability of the Province. Generally, if the ratio is increasing, the Province is increasingly reliant on federal transfers, resulting in increased vulnerability. If the ratio is declining, vulnerability is diminished.



The federal government transfers as a percentage of total revenue ratio has decreased in 2022 compared to 2021 due a decrease in COVID-19 Response and Recovery transfers as federally funding programs started to end.

The Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity, objectivity and fair presentation of the consolidated financial statements of The Government of the Province of Prince Edward Island (the Province) rests with the Province. The consolidated financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Province as described in Note 2 of the consolidated financial statements.

These financial statements include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations, a Consolidated Statement of Changes in Net Debt, a Consolidated Statement of Changes in Accumulated Deficit, a Consolidated Statement of Cash Flows and notes and schedules integral to the statements. Together, they present fairly, in all material respects, the Province's financial position at the fiscal year end and results of operations for the year ended March 31, 2022. More detailed information regarding the Province's financial position and operating results can be found in either Volume II or Volume III.

The Province is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

On behalf of the Government,



Honourable D. Mark V. McLane

Minister of Finance

October 28, 2022

**Prince Edward Island****Office of the
Auditor General**

PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard**Bureau du
vérificateur général**

C.P. 2000, Charlottetown PE
Canada C1A 7N8

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Legislative Assembly
Province of Prince Edward Island**

Report on the Audit of the Consolidated Financial Statements**Opinion**

I have audited the consolidated financial statements of the **Province of Prince Edward Island** (the Province), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, changes in net debt, changes in accumulated deficit and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province as at March 31, 2022, and the results of its consolidated operations, changes in net debt, changes in accumulated deficit and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Province in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Volume I of the Public Accounts of the Province of Prince Edward Island, but does not include the consolidated financial statements of the Province and our auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work that I performed, I conclude that there is a material misstatement of this other information, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control that management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Province's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or cease the operations of the Province, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Province's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Province's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Province to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Province to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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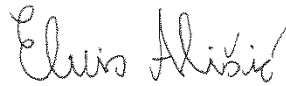
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Legal and Regulatory Requirements

As required by Section 16 of the *Audit Act*, I report that in my opinion, the consolidated financial statements of the Province present fairly the financial position, results of operations and changes in financial position of the Province in accordance with the basis of accounting as disclosed in Note 2 to the consolidated financial statements applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink, appearing to read 'Darren Noonan', with a long horizontal line extending to the right.

Darren Noonan, CPA, CA
Auditor General

A handwritten signature in black ink, appearing to read 'Elvis Alisic', in a cursive style.

Elvis Alisic, CPA, CA
Audit Director

Charlottetown, Prince Edward Island
October 28, 2022

PROVINCE OF PRINCE EDWARD ISLAND

**Consolidated Statement of Financial Position
as at March 31, 2022**

	2022	2021
	(\$000)	(\$000)
FINANCIAL ASSETS		
Schedule		
1 Cash and Short-Term Investments (Note 4)	537,612	407,108
2 Accounts and Taxes Receivable	421,800	325,507
Inventories for Sale	78	284
4 Investment in Government Business Enterprises (Note 1)	344,355	310,810
5 Sinking Fund (Note 5)	338,962	315,490
6 Loans Receivable	246,214	245,867
7 Pension, Retirement and Other Obligations (Notes 11 and 12)	46,719	82,344
Total Financial Assets	1,935,740	1,687,410
 LIABILITIES		
8 Deferred Revenue and Credits	86,772	30,763
9 Accounts Payable and Accrued Liabilities	475,639	428,222
10 Short-Term Loans Payable	786,345	786,867
11 Obligations Under Capital Lease	5,462	5,913
12 Loans Payable	439,445	463,433
13 Debentures	2,450,860	2,271,469
Total Liabilities	4,244,523	3,986,667
 NET DEBT	(2,308,783)	(2,299,257)
 NON-FINANCIAL ASSETS		
14 Tangible Capital Assets	1,373,196	1,267,996
15 Inventories and Property Holdings	31,954	31,990
16 Prepaid Expenses and Other Deferred Charges	9,896	8,875
Total Non-Financial Assets	1,415,046	1,308,861
 ACCUMULATED DEFICIT	(893,737)	(990,396)

Supplementary Information

- 3 Investments
- 17 Trust Funds
- 18 Guaranteed Debt
- 19 Continuity of Provision for Doubtful Accounts and Losses
- 20 Debentures Issued and Matured

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Operations for the year ended March 31, 2022

		2022 Budget	2022 Actual	2021 Actual
		(\$000)	(\$000)	(\$000)
REVENUES				
Schedule				
21	Taxes	1,141,613	1,328,125	1,138,328
22	Licenses and Permits	39,114	45,516	40,534
23	Fees and Services	75,729	79,128	77,118
24	Sales	26,887	31,514	24,738
25	Investment Income	11,536	16,108	15,230
26	Other Income	27,511	39,127	25,827
27	Government of Canada	999,169	1,033,682	968,153
4	Government Business Enterprises	58,463	67,156	63,000
5	Sinking Fund Earnings	11,900	12,372	11,662
	Total Revenues	2,391,922	2,652,728	2,364,590
EXPENSES				
28	Agriculture and Land	95,600	81,522	93,190
	Auditor General	2,672	2,227	2,194
29	Economic Growth, Tourism and Culture	122,153	121,498	132,228
30	Education and Lifelong Learning	424,243	446,908	409,100
	Environment, Energy and Climate Action	77,094	69,564	53,897
	Executive Council	9,974	9,841	9,015
31	Finance	200,314	231,550	209,587
32	Fisheries and Communities	47,218	47,120	50,284
33	Health and Wellness	842,245	848,559	794,506
34	Justice and Public Safety	66,594	66,449	63,568
	Legislative Assembly	8,019	7,651	7,029
	Public Service Commission	8,576	8,325	8,060
35	Social Development and Housing	172,765	185,440	163,184
	Transportation and Infrastructure	199,747	222,435	162,465
	Total Program Expenses	2,277,214	2,349,089	2,158,307
	Interest Charges on Debt	128,253	120,798	120,969
	Interest Charges on Capital Obligations	-	177	188
14	Amortization of Tangible Capital Assets	98,609	98,847	90,735
	Total Expenses	2,504,076	2,568,911	2,370,199
	ANNUAL SURPLUS (DEFICIT)	(112,154)	83,817	(5,609)

Supplementary Information

36	Expenses by Object
37	Reconciliation of Consolidated Surplus
38	Reconciliation of 2021-2022 Budget Estimates
39	Provincial Reporting Entity

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND
Consolidated Statement of Changes in Net Debt
for the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
	(\$000)	(\$000)	(\$000)
NET DEBT, BEGINNING OF YEAR	<u>(2,299,257)</u>	<u>(2,299,257)</u>	<u>(2,205,030)</u>
Schedule			
Changes in Year			
Annual Surplus (Deficit)	(112,154)	83,817	(5,609)
4 Other Comprehensive Income	-	12,842	22,709
Acquisition of Tangible Capital Assets	(195,854)	(204,690)	(187,985)
Amortization of Tangible Capital Assets	98,609	98,847	90,735
Net Book Value of Tangible Capital Asset Disposals	-	643	1,323
Net Book Value of Tangible Capital Asset Adjustments	-	-	(1)
Change in Inventories and Property Holdings	-	36	(12,879)
Change in Prepaid Expenses and Other Deferred Charges	<u>-</u>	<u>(1,021)</u>	<u>(2,520)</u>
Total Change in Net Debt for the Year	<u>(209,399)</u>	<u>(9,526)</u>	<u>(94,227)</u>
NET DEBT, END OF YEAR	<u><u>(2,508,656)</u></u>	<u><u>(2,308,783)</u></u>	<u><u>(2,299,257)</u></u>

Consolidated Statement of Changes in Accumulated Deficit
for the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
	(\$000)	(\$000)	(\$000)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(990,396)	(990,396)	(1,007,496)
Schedule			
Annual Surplus (Deficit)	(112,154)	83,817	(5,609)
4 Other Comprehensive Income	<u>-</u>	<u>12,842</u>	<u>22,709</u>
ACCUMULATED DEFICIT, END OF YEAR	<u><u>(1,102,550)</u></u>	<u><u>(893,737)</u></u>	<u><u>(990,396)</u></u>

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND**Consolidated Statement of Cash Flows
for the year ended March 31, 2022**

	2022 (\$000)	2021 (\$000)
Operating Activities		
Annual Surplus (Deficit)	83,817	(5,609)
Amortization of Tangible Capital Assets	98,847	90,735
Changes in:		
Accounts and Taxes Receivable	(96,293)	(66,438)
Inventories for Sale	206	546
Prepaid Expenses and Other Deferred Charges	(1,021)	(2,520)
Inventories and Property Holdings	36	(12,879)
Deferred Revenue and Credits	56,009	7,984
Accounts Payable and Accrued Liabilities	47,417	26,431
Pension, Retirement and Other Obligations	35,625	47,044
Cash Provided by Operating Activities	224,643	85,294
Investing Activities		
Other Comprehensive Income	12,842	22,709
Changes in:		
Loans Receivable	(347)	(21,669)
Investment in Government Business Enterprises	(33,545)	(50,718)
Cash Used for Investing Activities	(21,050)	(49,678)
Capital Activities		
Acquisition of Tangible Capital Assets	(204,690)	(187,985)
Disposal of Tangible Capital Assets	643	1,323
Adjustment of Tangible Capital Assets	-	(1)
Cash Used for Capital Activities	(204,047)	(186,663)
Financing Activities		
Debentures Issued	200,000	250,000
Debentures Matured	(11,374)	(109,136)
Changes in:		
Short-Term Loans Payable	(522)	260,853
Loans Payable	(23,988)	(26,083)
Debenture Discount	(9,235)	6,893
Obligations Under Capital Lease	(451)	(389)
Sinking Fund	(23,472)	(22,762)
Cash Provided by Financing Activities	130,958	359,376
Change in Cash and Short-Term Investments	130,504	208,329
Cash and Short-Term Investments, Beginning of Year	407,108	198,779
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	537,612	407,108

(The accompanying notes and schedules are an integral part of these consolidated financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND
Notes to the Consolidated Financial Statements
as at March 31, 2022

1 Reporting Entity

(a) The Provincial Reporting Entity

The provincial reporting entity is comprised of the Province's Operating Fund (departments and government units) and those Agencies, Boards and Crown Corporations which are controlled by the Province. Control is defined as the power to govern the financial and operating policies of another organization. The consolidated financial statements include organizations which make up the provincial reporting entity, combining their accounts and financial activities.

Government Business Enterprises (GBEs) are those Agencies, Boards and Crown Corporations which, (i) have the power to contract in their own name, (ii) have the financial and operating authority to carry on a business, (iii) sell goods and services to customers outside the provincial reporting entity as their principal activity and source of revenue, and (iv) are able to maintain their operations and meet their liabilities from revenues received from sources outside the provincial reporting entity.

A listing of the organizations within the provincial reporting entity is provided in Schedule 39 – Provincial Reporting Entity.

The consolidated financial statements do not include the Workers Compensation Board of Prince Edward Island. The Board, as at December 31, 2021, had assets of \$268.4 million (2020 - \$258.4 million), liabilities of \$163.4 million (2020 - \$166.3 million), and a fund balance of \$105.0 million (2020 - \$92.1 million). The Board has the ability to establish premium rates sufficient to meet its financial obligations.

(b) Methods of Consolidation

The Province's Operating Fund and those Agencies, Boards and Crown Corporations not classified as GBEs are included in the consolidated financial statements using the consolidation method of accounting. Under the consolidation method of accounting, inter-organizational balances and transactions are eliminated and the organizations are reported as if they were one organization.

GBEs are included in the consolidated financial statements using the modified equity method of accounting. The modified equity method reports the percentage of a GBE's net assets owned by the Province as an investment in the Province's Consolidated Statement of Financial Position. Net income of GBEs is reported as a separate revenue item in the Consolidated Statement of Operations. Inter-organizational balances and transactions are not eliminated. Schedule 4 presents condensed financial information of the Province's GBEs.

2 Significant Accounting Policies

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(b) Future Changes in Accounting Policy

The Public Sector Accounting Board has issued new standards or amendments to standards that are not in effect as of the date of these financial statements, and they are as follows:

Effective April 1, 2022:

- *PS 1201 Financial Statement Presentation* – establishes general reporting principles and standards for the disclosure of information;
- *PS 2601 Foreign Currency Translation* – establishes standards on how to account for and report transactions that are denominated in a foreign currency;
- *PS 3041 Portfolio Investments* – establishes standards on how to account for and report portfolio investments;
- *PS 3280 Asset Retirement Obligations* – establishes standards regarding the legal obligations associated with the retirement of a tangible capital asset;
- *PS 3450 Financial Instruments* – establishes standards on how to account for and report all types of financial instruments including derivatives.

Effective April 1, 2023:

- *PS 3400 Revenue* – establishes standards on how to account for and report revenue.

The Province is currently analyzing the impact of these new and amended standards and plans to adopt them on the effective dates.

(c) Financial Assets

Financial Assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Cash and Short-Term Investments represent the cash position including bank balances, cash reserves, and short-term investments. The Province has two available credit facilities with financial institutions in the amounts of \$20.0 million and \$75.0 million. The credit facilities expire December 31, 2022, and March 1, 2023, respectively. As part of the liquidity reserve, the Province holds short-term investments in term deposits as well as guaranteed investment certificates earning interest at rates between 0.80% and 1.37%.

Accounts and Taxes Receivable are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Inventories for Sale are recorded at the lower of cost or net realizable value.

Investments are recorded at the lower of cost or net realizable value with the exception of (i) investments in private companies that are considered to be concessionary, which are recorded at one-half of cost, and (ii) net investments in leases, which are recorded at the net present value of minimum lease payments receivable. A provision for loss is established.

Investment in Government Business Enterprises represents the net assets of government business enterprises recorded on the modified equity basis as described in Note 1(b).

Sinking Fund assets are recorded at cost plus accrued interest. A portion of the Sinking Fund assets are externally restricted.

Loans Receivable are recorded at cost less adjustments for impairment in value and concessionary terms. Where concessionary terms apply, loans are reported at their net present value. Loans usually

bear interest at approximate market rates and normally have fixed repayment schedules. A provision for loss is established for doubtful accounts. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

Pension, Retirement, and Other Obligations represent the Province's net assets for future employee benefit obligations as calculated using an accrued benefits actuarial method on an accounting basis. The net assets represent the market value of assets less the present value of accrued benefits, plus or minus deferred gains or losses to be amortized.

(d) Liabilities

Deferred Revenue and Credits represent amounts received but not yet earned.

Accounts Payable and Accrued Liabilities are recorded for all amounts due for work performed, goods or services received, and other charges incurred in the fiscal year.

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material or live organism that exceeds standards included in the *Environmental Protection Act*. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Province is directly responsible, or accepts responsibility;
- a reasonable estimate of the cost of remediation can be made; and
- it is expected that future economic benefits will be given up.

Short-Term Loans Payable are recorded at cost, which approximates market value less unamortized discounts.

Obligations Under Capital Lease represent the liabilities recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease liability recognizes the lease contract as a financing tool to acquire an asset.

Loans Payable are recorded at face value less adjustments for concessionary terms.

Debentures represent the gross funded debt of the Province of P.E.I. public debenture issues and Canada Pension Plan debenture issues less unamortized discounts and premiums.

(e) Net Debt

The Province's consolidated financial statements are presented to highlight net debt as the measure of financial position. The Net Debt of the Province is determined as its liabilities less its financial assets.

(f) Non-Financial Assets

Non-Financial Assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible Capital Assets are recorded at historical cost or estimated cost where historical cost information is not available. Amortization is calculated using the straight line method at the following rates:

Land Improvements	10 years
Buildings and Improvements	5 - 40 years
Leasehold Improvements	Based on length of lease
Roads	10 - 20 years
Bridges	20 - 40 years
Motor Vehicles	5 - 10 years
Equipment	1 - 25 years
Other	5 - 40 years

The Province does not adjust the tangible capital asset policies of Agencies, Boards and Crown Corporations that are consolidated, as it would not result in a material adjustment. Policy differences may include amortization rates, estimates of useful lives, and dollar thresholds for capitalization.

Tangible Capital Assets do not include works of art and historical property because a reasonable estimate of the future benefits associated with such property cannot be made. Works of art and historic property consist mainly of paintings, drawings, prints, artifacts, and photographs. The cost of works of art and historic property are expensed in the fiscal year in which they are acquired.

Provincial Paving Program assets are considered minor road construction projects, which have a 10-year useful life. These assets will be retired within one year of becoming fully amortized.

Inventories consist of items on hand which were purchased for consumption or use by the Province during its operations. They are recorded at cost and expensed as they are consumed. Inventories consist of items such as medical and drug supplies, fuel, repair parts, highway materials, and textbooks.

Inventories do not include the supply of COVID-19 vaccines received from the Government of Canada, as the fair value could not be reasonably determined. During the year, the Province received 367.2 thousand COVID-19 vaccines and held 38.2 thousand vaccines in inventory at March 31, 2022.

Property Holdings are recorded at the lower of cost or net realizable value.

Prepaid Expenses and Other Deferred Charges are goods and services purchased which will provide economic benefits in future periods.

(g) Accumulated Deficit

Accumulated Deficit is the Net Debt of the Province less Non-Financial Assets. It represents the accumulated balance of annual surpluses and deficits arising from operations of the Province along with the accumulated Other Comprehensive Income or Loss.

(h) Revenues

Revenues are recorded on an accrual basis.

Revenue from the Government of Canada under Federal - Provincial fiscal arrangements (such as equalization and health and social transfers) are based on estimated entitlements which are adjusted against future years' revenues when actual results or new information become available.

Transfers from the Government of Canada are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met, except when and to the extent that the transfer

stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue when the funds are used as intended.

Income taxes and Harmonized Sales Tax are both collected by the Government of Canada under various tax collection agreements and are remitted to the Province net of credits. The remittances are based on the Government of Canada's best estimates, which are periodically adjusted until finalized. The Province recognizes income tax and harmonized sales tax revenues based on estimates, adjusted for known factors. Any adjustments upon finalization are recorded in the year they are identified.

Fuel and tobacco tax revenues are recorded based on returns which are filed by collectors and taxpayers. Returns filed, adjustments, and audit assessments are recognized as revenue in the period during which the return is filed, or the amount is determined.

Property tax revenues are recorded based on prorated actual property tax billings for each of the calendar years that comprise the fiscal year. Adjustments recorded subsequent to fiscal year end, due to adjustments to property assessments or provincial tax credits, are recognized as revenue adjustments in the period in which the adjustments are determined.

(i) Expenses

Expenses are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development, and/or construction of tangible capital assets. They do not include operational expenses. The acquisitions of tangible capital assets are not reported as expenses in the year the assets are acquired. Tangible capital assets are included in the Province's Consolidated Statement of Financial Position as Non-Financial Assets and their cost is amortized over their estimated useful life.

Transfer payments are transfers of money to individuals, organizations, or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenses in the period during which both the payment is authorized and any eligibility criteria are met.

Provisions are made for probable losses or impairments in the value of the asset on certain loans, investments, loan guarantees, and accounts receivable when it is likely that impairment in the value of the asset or liability exists and the amount can be reasonably determined. These provisions are updated annually as estimates are revised.

3 Contractual Rights

The Province has entered into a number of multi-year contracts. These contractual rights will become revenue and assets in the future when the terms of the contracts are met. Significant contractual rights for the next five years and thereafter include:

	2023 (\$000)	2024 (\$000)	2025 (\$000)	2026 (\$000)	2027 (\$000)	Thereafter (\$000)	Total (\$000)
Operating Fund							
Affordable Access to Prescription Drugs	10,700	10,700	10,700	-	-	-	32,100
Ambulance Service Agreement	340	340	340	255	-	-	1,275
Canada Nature Fund	1,945	-	-	-	-	-	1,945
Canada Wide Child Care Agreement	19,760	23,960	27,667	32,679	-	-	104,066
Early Learning and Child Care Agreement	4,093	4,267	4,267	-	-	-	12,627
French Language Services	1,238	-	-	-	-	-	1,238
Investing in Canada Infrastructure Fund	72,972	43,450	5,952	-	-	-	122,374
Justice and Public Safety Agreements	4,914	3,099	2,692	2,072	651	3,453	16,881
Labour Market Development	32,302	-	-	-	-	-	32,302
Newcomers / Integration Funding	1,750	860	1,094	-	-	-	3,704
New Deal Gas Tax Fund	17,250	18,000	-	-	-	-	35,250
Official Languages in Education	2,855	-	-	-	-	-	2,855
Provincial Integrated Communication Services	1,046	1,046	1,046	802	-	-	3,940
Safe Long-Term Care Fund	3,139	-	-	-	-	-	3,139
Virtual Care	2,794	-	-	-	-	-	2,794
Workforce Development Agreement	3,940	-	-	-	-	-	3,940
Youth Justice Services and Programs	1,615	-	-	-	-	-	1,615
Zero-Emission Vehicle Program	1,077	923	-	-	-	-	2,000
Other Significant Rights	4,207	615	-	-	-	-	4,822
Agencies, Boards and Crown Corporations							
Health PEI	250	-	-	-	-	-	250
Island Investment Development Inc.	2,552	1,575	1,575	1,575	1,575	4,636	13,488
P.E.I. Energy Corporation	2,627	-	-	-	-	-	2,627
P.E.I. Housing Corporation	1,648	2,563	2,793	4,046	4,046	4,046	19,142
Total	195,014	111,398	58,126	41,429	6,272	12,135	424,374

The Canadian Agriculture Partnership Federal-Provincial-Territorial framework agreement on agriculture, agri-food, and agri-based products policy provides the P.E.I. Agricultural Insurance Corporation with access to funding for AgriInsurance, AgriStability, and AgriRecovery programs for fiscal years 2019 to 2023. Expected revenue is not included in the table above, as funding is tied to producer indemnity claims and premiums which cannot be reasonably estimated. However, the contractual right to access funding creates an offsetting contractual obligation to producers.

4 Restricted Cash

As at March 31, 2022, assets of \$64.9 million (2021 - \$13.5 million) have been restricted for designated purposes by external parties. Restricted cash includes: \$42.9 million for Public Safety Housing, \$9.5 million for Early Child Care Agreement, \$6.9 million for New Deal for Cities and Communities, \$3.0 million for Northumberland Power Cable, \$1.4 million for Health PEI, \$0.4 million for the Health Care Innovation Working Group, \$0.1 million for the Supreme Court, and \$0.7 million for other funds.

5 Sinking Fund

(a) Description of Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future debt retirement. Earnings on Sinking Funds are reflected as current revenue.

Certain funds in the Sinking Fund designated for debentures are externally restricted and as a result cannot be used for other purposes. Installment payments are made to the Sinking Fund from the Operating Fund. They are allocations within the Operating Fund and as such are not treated as an expense. The installment payments for the next five years and thereafter are:

	(\$000)
2022-2023	11,100
2023-2024	10,200
2024-2025	10,200
2025-2026	10,200
2026-2027	10,200
Thereafter	<u>62,150</u>
	<u>\$114,050</u>

(b) P.E.I. Issues Held by the Sinking Fund

As at March 31, 2022, Sinking Fund investments include P.E.I. issues held but not cancelled in the amounts of:

		(\$000)		(\$000)
Debentures	Par Value	109,912	Book Value	123,282
Residuals	Par Value	62,103	Book Value	42,223

6 Solid Waste Landfill Closure and Post-Closure Liability

The collection and disposal of all solid waste generated in P.E.I. is included in the mandate of Island Waste Management Corporation (IWMC). IWMC is responsible for all liabilities related to the closure and post-closure costs of the East Prince Landfill site, which was in use at March 31, 2022. IWMC has included in its liabilities at March 31, 2022, an obligation associated with the retirement, closure, and post-closure costs of the East Prince Landfill site in the amount of \$4.2 million (2021 - \$3.6 million).

7 Contaminated Sites

The Province is responsible for ensuring that provincial properties not in active use do not pose a problem for the environment. The Province has reviewed a listing of its own sites, and additional properties for which it has accepted responsibility, and has recorded a liability of \$1.8 million (2021 - \$1.8 million) associated with these sites. The Province will continue to review these sites and re-evaluate its liability on an ongoing basis.

Included in the Province's liability are costs associated with a number of former landfill and community dump sites. These sites operated prior to the establishment of the East Prince Landfill and were closed prior to 2003. The responsibility to monitor ground water for the former landfill sites is shared between the Province and IWMC.

8 Contractual Obligations

The Province has entered into a number of multi-year contracts. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Significant obligations for the next five years and beyond include:

	2023 (\$000)	2024 (\$000)	2025 (\$000)	2026 (\$000)	2027 (\$000)	Thereafter (\$000)	Total (\$000)
Operating Fund							
2023 Canada Winter Games	6,594	-	-	-	-	-	6,594
Active Transportation Fund	1,087	-	-	-	-	-	1,087
Affordable Access to Prescription Drugs	10,700	10,700	10,700	-	-	-	32,100
Atlantic Fisheries Fund Program	1,806	1,806	-	-	-	-	3,612
Building Leases	9,481	8,458	6,736	3,632	2,974	6,507	37,788
Canadian Fish and Seafood Program	1,857	1,857	-	-	-	-	3,714
Child Care Agreements	25,074	28,227	31,934	32,679	-	-	117,914
Community Funding Agreement - Town of Three Rivers	816	708	176	145	113	124	2,082
Deadstock Disposal Services	1,126	1,137	1,148	580	-	-	3,991
Electronic Medical Records System	2,460	1,584	1,615	1,646	-	-	7,305
Emergency Services	39,843	23,826	23,068	21,547	21,977	109,887	240,148
French Language Services	2,475	-	-	-	-	-	2,475
Health and Wellness Funding Agreements	3,633	640	106	108	-	-	4,487
Information Technology Agreements	6,004	4,506	3,815	448	457	-	15,230
Infrastructure Programs	177,317	84,853	17,757	11,975	50	-	291,952
Labour Market Development	32,302	-	-	-	-	-	32,302
Mental Health and Addictions	10,083	211	211	211	-	-	10,716
Mobile Mental Health Response	2,951	2,951	-	-	-	-	5,902
Municipal Funding Agreement	33,027	-	-	-	-	-	33,027
Newcomers / Integration Funding	2,117	1,241	1,094	-	-	-	4,452
Official Languages in Education	2,855	-	-	-	-	-	2,855
P.E.I. Energy Systems	1,602	1,602	1,602	534	-	-	5,340
Post-Secondary Education	20,779	16,293	6,184	6,017	5,806	43,531	98,610
Skills PEI	6,027	2,240	-	-	-	-	8,267
Workforce Development Agreement	3,940	-	-	-	-	-	3,940
Youth Justice Services and Programs	2,131	-	-	-	-	-	2,131
Other Significant Obligations	11,425	3,131	1,590	1,315	1,315	-	18,776
Agencies, Boards and Crown Corporations							
Charlottetown Area Development Corporation	6,072	-	-	-	-	-	6,072
Health PEI	53,786	10,843	5,102	4,871	4,143	5,297	84,042
Island Waste Management Corporation	8,355	8,497	4,216	505	-	-	21,573
P.E.I. Energy Corporation	9,657	27,172	2,274	2,274	2,274	4,178	47,829
P.E.I. Grain Elevators Corporation ¹	5,275	-	-	-	-	-	5,275
P.E.I. Housing Corporation	7,050	8,061	8,424	9,782	9,890	66,182	109,389
P.E.I. Liquor Control Commission	713	137	99	-	-	-	949
P.E.I. Lotteries Commission	2,414	719	402	307	108	13	3,963
Tourism PEI	2,970	67	15	15	15	-	3,082
Total	515,804	251,467	128,268	98,591	49,122	235,719	1,278,971

¹P.E.I. Grain Elevators Corporation has a year end of July 31, 2021. The amount of \$5.2 million, as at March 31, 2022, is estimated.

The Canadian Agriculture Partnership Federal-Provincial-Territorial framework agreement on agriculture, agri-food, and agri-based products policy provides the P.E.I. Agricultural Insurance Corporation with access to funding for AgriInsurance, AgriStability, and AgriRecovery programs for fiscal years 2019 to 2023. Expected obligations are not included in the table above, as funding is tied to producer indemnity claims and premiums which cannot be reasonably estimated. However, the contractual obligation to provide funding creates a partially offsetting contractual right from the federal government.

9 Commitments

The nature of the Province's activities results in commitments against future appropriations. Significant financial commitments at March 31, 2022, include:

(a) Loans

	2022 (\$000)	2021 (\$000)
Loans approved but not disbursed at March 31:		
Island Investment Development Inc.	16,109	8,467
Finance PEI	22,798	25,672
	<u>38,907</u>	<u>34,139</u>

(b) Innovation PEI

The Crown has committed to disbursing as development program expenses \$26.6 million (2021 - \$29.6 million) for P.E.I. labour rebate program assistance, \$10.6 million (2021 - \$5.0 million) for enriched investment tax credits, \$1.9 million (2021 - \$1.2 million) for development fund assistance, \$nil (2021 - \$61.0 thousand) for specialized labour rebates, \$817.6 thousand (2021 - \$66.0 thousand) for cultural industry supports and \$21.0 thousand (2021 - \$21.0 thousand) for share purchase tax credits over the next four years as companies meet their eligibility requirements.

(c) Island Waste Management Corporation

The Corporation has entered into a waste processing agreement dated August 8, 1995, to supply P.E.I. Energy Systems with a minimum annual guaranteed amount of 30,617 metric tonnes of waste. The 30-year agreement, expiring in August 2025, provides for the payment by IWMC of a \$45 per metric tonne quarterly fee adjusted for consumer price index fluctuations. Any shortage is the responsibility of IWMC. Current annual costs for the waste processing are estimated at \$2.2 million (2021 - \$2.2 million).

(d) P.E.I. Energy Corporation

Power Purchase Agreements

The Corporation is contractually obligated, through Power Purchase Agreements totaling 19 megawatts with private wind developers, to purchase all wind power produced, and then sell all wind power purchased, to Maritime Electric Company Ltd. These Power Purchase Agreements expire in 2026 (9 megawatts) and 2036 (10 megawatts).

The Corporation is contractually obligated, through Power Purchase Agreements totaling 73.56 megawatts, to sell all wind power produced at its wind farm facilities to Maritime Electric Company Ltd. These Power Purchase Agreements expire in 2022 (5.28 megawatts), 2023 (3 megawatts), 2024 (5.28 megawatts), 2026 (30 megawatts), and 2033 (30 megawatts).

Land Lease Payments

In the normal course of business, the Corporation has entered into agreements for the use, or the option for use, of land into perpetuity in connection with the operation of its wind farms. Payment under these agreements is dependent on the amount of power generated by the wind farm assets; therefore, future minimum payments are indeterminable.

The Corporation has also entered into a lease agreement for the use of land in connection with the development of an electrical smart grid. The associated future minimum lease payments are included in Schedule 4(d).

10 Contingent Liabilities**(a) Claims Outstanding**

The Province is subject to legal actions arising in the normal course of business. At March 31, 2022, there were a number of outstanding claims arising from legal action in progress.

The cost, if any, of most of the claims outstanding will be paid through the P.E.I. Self-Insurance and Risk Management Fund. The P.E.I. Self-Insurance and Risk Management Fund was established in 1988 under Part II of the *Financial Administration Act*. The Fund provides risk management services as well as general liability insurance, errors and omissions insurance, primary property and crime insurance, and automobile liability insurance for government entities. At March 31, 2022, Fund reserves were \$11.2 million (2021 - \$8.9 million). The reserve for unsettled claims represents management's best estimate of the total costs, including investigation, litigation, and the projected final settlement of specific claims incurred as of the financial statement date. It also includes a general reserve to cover possible claims incurred as of the financial statement date but not yet reported to management. Claims expense in the current year was \$3.4 million (2021 - \$1.4 million). The estimated amount for claims outstanding at March 31, 2022, is \$11.2 million (2021 - \$8.9 million). The Fund carries an excess liability policy limiting the liability of the Fund.

(b) Credit Union Deposit Insurance Corporation

The *Credit Unions Act* states that the Province shall ensure that the obligations of the Credit Union Deposit Insurance Corporation (CUDIC) are carried out. The CUDIC provides deposit insurance coverage on deposits within established limits held by P.E.I. credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the seven credit unions. The Province holds two director positions on the CUDIC Board of Directors. At December 31, 2021, the CUDIC had an equity balance of \$23.4 million (2020 - \$22.1 million).

Deposits insured by CUDIC, on the basis of returns received from its member institutions, as at December 31, 2021, were \$1,565.3 million (2020 - \$1,389.3 million). The Province's contingent liability is offset by equity held by the CUDIC, Atlantic Central Credit Union, and the seven credit unions on P.E.I.

(c) Innovation PEI

A counterclaim has been commenced against Innovation PEI in response to an action for a deficiency remaining after realization on collateral held by the P.E.I. Lending Agency, a former Crown Corporation. The claimant has not provided any details as to the nature and extent of damages or loss for which they seek compensation. There is no liability recorded in these financial statements as it is management's opinion that no liability is likely to arise as a result of this counterclaim. The counterclaim has been ongoing since 1996.

(d) Transitional Funding

Included in revenues for the fiscal year 2014-2015 was \$35.0 million in transitional funding related to the Agreement on Co-operative Capital Markets. The agreement has terms for repayment if terminated.

(e) Guaranteed Debt

The Province has guaranteed the repayment of a variety of types of loans. Guarantees amounting to \$11.9 million (2021 - \$14.0 million) are reported in Schedule 18.

(f) Building Remediation

The building materials within certain government buildings contain levels of asbestos. The Province monitors the condition of those buildings containing asbestos to ensure they are not posing a risk to the occupants and will remove the material as the buildings are repaired and/or renovated. Total cost to remediate has not been determined. Costs and potential liabilities associated with the remediation are the responsibility of the Province.

11 Pensions

During the year, the Province sponsored various defined benefit pension plans. The primary plans were the Prince Edward Island Public Sector Pension Plan, the Prince Edward Island Teachers' Pension Plan and the Pension Plan for Members of the Legislative Assembly (MLA) of Prince Edward Island. Other plans include arrangements for MLA Supplementary, Senior Compensation Plan (SCP), and Pension Plan for Judges.

Investments of the primary plans are held within the Province of Prince Edward Island Master Trust, which is administered by external investment managers under policy guidelines set down by Executive Council and supervised by the Joint Investment Advisory Committee to the Minister of Finance.

(a) Pension Plan Descriptions, Benefit Formulas, and Funding Policies**P.E.I. Public Sector Pension Plan**

Pursuant to the *Prince Edward Island Public Sector Pension Plan Act (PSPPA)*, membership is mandatory for all permanent employees of participating employers. Pension benefits are paid from the Prince Edward Island Public Sector Pension Plan (PSPP), which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions, which are matched by the employer, as well as employer special contributions as described below.

- *Contributions:* Members are required to contribute 8.09% of their pensionable salary up to the year's maximum pensionable earnings (YMPE). For earnings above the YMPE, the contribution rate is 9.75%. Member contributions are matched by their respective employer, and combined are considered Base Contributions. Variable Contributions are in addition to Base Contributions as determined by the funded benefits ratio.

Contribution increases, if needed, will be implemented on January 1st of the year following the effective date of the annual valuation report. The funded benefits ratio, as determined by the April 1, 2022, actuarial valuation, does not indicate that a contribution adjustment is required.

- *Pension Formula:* The annual pension for service prior to December 31, 2013, is based on the number of pensionable years of service, times 2% of the average best three years' annualized salary, with a reduction at age 65 for estimated Canada Pension Plan (CPP) benefits. The resulting pension amount represents the guaranteed Base Benefit. For service commencing January 1, 2014, pension amounts are based on the same formula as described above, applied to an employee's average weighted indexed pensionable salary. The resulting annual pension amount each year thereafter is added to the existing annual pension and becomes the new guaranteed Base Benefit.
- *Pre-Retirement Indexation:* Beginning in 2017, pre-retirement indexation is awarded only if the funded benefits ratio (as determined at April 1st immediately prior to the calendar year in which indexation is to be awarded) is greater than 100%. If there are years that full indexation is not

awarded, and if the funded benefits ratio subsequently reaches 115%, then a portion of Plan funds is available to award missed indexation on a go-forward basis (i.e. no retroactive payments). The maximum indexation is 100% of the increase in the Average Industrial Wage (AIW) in Canada; however, if in any year the assets available to provide inflation protection are not adequate to provide full AIW, partial indexation will be awarded.

- *Post-Retirement Indexation:* Post-retirement indexation is awarded only if the funded benefits ratio is greater than 110%. If there are years that full post-retirement indexation is not awarded, and if the funded benefit ratio subsequently reaches 118%, then a portion of Plan funds is available to award missed indexation on a go-forward basis (i.e. no retroactive payments). The maximum indexation is 100% of Consumer Price Index (CPI); however, if in any year the Plan cannot afford full CPI, partial indexation will be awarded. Indexation for deferred vested benefits is applied at the same level as the post-retirement indexation.

P.E.I. Teachers' Pension Plan

The *Prince Edward Island Teachers' Pension Plan Act (TPPA)* established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. Pension benefits are paid from the Prince Edward Island Teachers' Pension Plan (TPP), which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions, which are matched by the employer, as well as employer special contributions as described below.

- *Contributions:* Members are required to contribute 8.3% of their pensionable salary up to the year's YMPE. For earnings above the YMPE, the contribution rate is 10.0%. Member contributions are matched by their respective employer, and combined are considered Base Contributions. Variable Contributions are in addition to Base Contributions as determined by the funded benefits ratio.

Contribution increases, if needed, will be implemented on September 1st of the valuation year. The funded benefits ratio, as determined by the April 1, 2022, actuarial valuation, does not indicate that a contribution adjustment is required at this time.

- *Pension Formula:* The annual pension for service prior to December 31, 2013, is based on the number of years of pensionable service, times 2% of the average best five years' annualized salary, with a reduction at age 65 for estimated CPP benefits. The resulting pension amount represents the guaranteed Base Benefit. For service commencing January 1, 2014, pension amounts are based on the same formula as described above, applied to an employee's average weighted indexed pensionable salary. The resulting annual pension amount each year thereafter is added to the existing annual pension and becomes the new guaranteed Base Benefit.
- *Pre-Retirement Indexation:* With the adoption of an average weighted indexed pension salary approach to establishing yearly pension benefits, pre-retirement indexation was introduced. Pre-retirement indexation of the TPP is the same as described for the PSPP.
- *Post-Retirement Indexation:* Post-retirement indexation for the TPP is the same as described for the PSPP. Indexation for deferred vested benefits is applied at the same level as the post-retirement indexation.

Special Payments to the P.E.I. Public Sector Pension Plan and the P.E.I. Teachers' Pension Plan
Effective April 1, 2016, if the funded benefits ratio of the Plans falls below 100%, and after reflecting the future variable contributions, the Plans are still not projected to achieve a funded benefits ratio of at least 100% within 5 years, the Province is required to make an additional contribution equal to one fifth of the additional amount required to restore the funded benefits ratio to 100% within 5 years. This is reviewed on an annual basis and the contribution amount will be subject to change each year.

Previous contributions made by the Province in the form of promissory notes, and outstanding at year end, are listed in Schedule 12. Subsection 5(5) of the *PSPPA* and 9(5) of the *TPPA* stipulates that none of the aforementioned promissory notes may be cancelled or recalled by the Province prior to maturity unless the Province contributes to the PSPP and TPP assets equal to or greater than the value of the promissory notes on the date of cancellation or recall.

Pension Plan for Members of the Legislative Assembly (MLA Basic)

In December 2020, the Indemnities and Allowances Commission recommended that the Province wind-up the MLA Basic in order to efficiently accrue and administer the Plan under the PSPP. The Province has acted on this recommendation, and the *Pension Plan Transfer Act* was then passed in the Fall 2021 sitting of the Legislative Assembly, effective December 25, 2021. Effective January 1, 2022, \$22.8 million in MLA Basic assets and \$19.8 million in MLA Basic liabilities were transferred to the PSPP.

The terms under which the MLA Basic has been terminated are documented in the Pension Plan Transfer Agreement signed by the necessary parties in December 2021. The MLA Basic accrued pensions as at December 31, 2021, were transferred to the PSPP and will receive conditional indexing in the future based on the PSPP rules and be subject to PSPP rules for early retirement and forms of pension. Contributions and accruals for service post December 31, 2021, are the same as under the PSPP.

In respect of service and contributions as of and after the enrolment date, the vesting requirement of two years set out in Section 10 of the *PSPPA* does not apply, and members are vested for purposes of options on termination.

Existing retirees receiving pensions payable from the MLA Basic as of December 31, 2021, will continue to receive the same form of pension and will be subject to the conditional indexation rules under the PSPP on a go forward basis.

The PSPP funded benefits ratio must not be reduced as a result of this transfer. The MLA Basic funded benefits ratio on January 1, 2022, was 114.88%, while the PSPP funded benefits ratio was 131.03%. As a result, a shortfall or "top-up" payment of \$3.3 million from the Province was required.

The actuarial assumptions and methods for the PSPP and MLA Basic December 31, 2021, valuations are the same as the April 1, 2022, assumptions, as outlined in Note 11(c), except for the discount rate and expected rate of return of plan assets of 5.95%. In addition, future pre- and post-retirement indexation has not been included given these are termination reports.

Pension Plan for Members of the Legislative Assembly (Supplementary)

This Plan provides a pension which is supplementary to the benefits provided under the Pension Plan for Members of the Legislative Assembly. Supplementary benefits are provided for service rendered subsequent to June 30, 1994, and the amount of benefit is approximately equal to those benefits provided under the Pension Plan for Members of the Legislative Assembly of Prince Edward Island. This Plan is unfunded. The Province is responsible for the unfunded liability and makes payments from

the Operating Fund as they become due. Annual cost of living adjustments are provided at the same level as the *PSPPA*.

Prince Edward Island Education Sector Pension Plan (ESPP)

Support employees of the two school boards are part of the ESPP. This Plan was a defined benefit plan administered by the Province. In September 2021, four locals of the Canadian Union of Public Employees ratified a Memorandum of Agreement forging the way for the wind-up of the ESPP and a transfer of the ESPP assets and liabilities to the PSPP. The Administrators of the ESPP and the PSPP outlined the details of the transfer in a transfer agreement, signed on November 23, 2021. The *Pension Plan Transfer Act* was then passed in the Fall 2021 sitting of the Legislative Assembly, effective December 25, 2021. Effective January 1, 2022, \$162.9 million in ESPP assets and \$125.3 million in ESPP liabilities were transferred to the PSPP. The merger with the PSPP is consistent with other Province sponsored Plans that are guaranteed by the Province.

The terms under which the ESPP has been terminated are documented in the Pension Plan Transfer Agreement. The ESPP accrued pensions at December 31, 2021, were transferred to the PSPP and will receive conditional indexing in the future based on the PSPP rules. The ESPP accrued pensions will be subject to ESPP rules for early retirement and PSPP rules for forms of pension, except for the level income option that will be available for the ESPP portion of the benefit for members who retire prior to January 1, 2027. Contributions and accruals for service post December 31, 2021, are the same as under the PSPP.

In respect of service and contributions as of and after enrolment date, the vesting requirements of two years set out in Section 10 of the *PSPPA* does not apply, and employees are vested for purposes of options on termination.

Existing retirees receiving pensions payable from the ESPP as of December 31, 2021, will continue to receive the same form of pension and will be subject to the conditional indexation rules under the PSPP on a go forward basis.

The PSPP funded benefits ratio must not be reduced as a result of this transfer. The ESPP funded benefits ratio on January 1, 2022, was 129.99%, while the PSPP funded benefits ratio was 131.03%. As a result, a shortfall or "top-up" payment of \$1.5 million from the Province was required.

The actuarial assumptions and methods for the PSPP and ESPP December 31, 2021, valuations are the same as the April 1, 2022, assumptions, as outlined in Note 11(c), except for the discount rate and expected rate of return of plan assets of 5.95%. In addition, future pre- and post-retirement indexation has not been included given these are termination reports.

Senior Compensation Plan

An executive compensation plan is provided to the senior management of the Province. The Plan provides a pension which is supplementary to the benefits provided under the *PSPPA*. Prior to January 1, 2014, pension benefits were based on the number of years participation in the Senior Compensation Plan to a maximum of 5 years, times 2% of the best three years' average salary. Effective January 1, 2014, the best three years' average salary was replaced by an average weighted indexed earnings, in which the indexation is contingent on the financial health of the PSPP. To ensure no reduction in pre-2014 benefits as a result of this change, the best three years' average salary up to the end of 2013 is used as the starting point for future benefits determination. Pre- and post-retirement inflation protection is provided at the same level as provided in the *PSPPA*. This Plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due.

Pension Plan for Judges – Old and New

The *Provincial Court Act* provides a pension plan for Provincial Court Judges (Old Plan) who were appointed before April 1, 1997. Pension benefits are based on two thirds of the salary payable to the judge at the time of retirement.

The *Provincial Court Act* also provides a pension plan for Provincial Court Judges (New Plan) who were appointed after March 31, 1997. This is a supplementary benefit to the benefits provided under the *PSPPA*. Pension benefits are based on the number of years of service, times 3% of the best three years' average salary, less benefits received under the *PSPPA*.

Both Plans are unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The Plans provide for inflation protection to a maximum of 8% (old) and 6% (new).

(b) Summary of Plan Memberships

	PSPP		TPP		MLA – Basic		MLA Supplementary		SCP		Judges – Old & New Plans	
Year	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Actives	9,306	7,974	2,077	1,989	-	26	26	26	37	31	3	3
Retirees	6,055	5,233	1,697	1,721	-	100	71	71	85	82	5	5
Deferreds	694	602	119	121	-	8	6	5	8	6	-	-

(c) Actuarial Valuations / Estimates

Actuarial valuations of the PSPP and TPP are performed annually, at April 1st, and are required to be completed by December 31st of each year. Actuarial valuations of all the Province's other pension plans are carried out every three years. Extrapolations based on the most recent valuations are completed by the Province to estimate accrued benefit obligations and unamortized adjustments for the years between valuations.

Due to the global pandemic from Coronavirus (COVID-19), there could be a material impact on the financial status of the Plans. There is currently insufficient information to determine the extent of either the short-term impact or the long-term impact of this pandemic on the Plans. As such, the results of the accounting valuations as at April 1, 2022, only reflect the financial impact on Plan assets and future return expectations up to that date, but do not reflect any further potential impacts on the Plans to occur after that date which may be caused by either economic and/or demographic outcomes different from the assumptions being used in the valuations. Such impacts will result in gains and losses to be revealed in future valuations.

The valuation method adopted for accounting purposes is the projected unit credit method pro-rated on service. Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The assumptions for the most recent valuations are as follows:

	PSP	TPP	MLA – Basic & Supplementary	SCP	Judges – Old & New Plans
Date of Valuation	April 1, 2022	April 1, 2022	April 1, 2020	April 1, 2020	April 1, 2020
Inflation	2.00% per annum	2.00% per annum	2.05% per annum	2.05% per annum	2.05% per annum
Discount Rate	6.15% per annum	6.15% per annum	Basic – 5.40% per annum Supplementary – 2.95% per annum	2.95% per annum	2.95% per annum
Expected Rate of Return of Plan Assets	6.15% per annum	6.15% per annum	Basic – 5.40% per annum Supplementary – n/a	n/a	n/a
Salary Escalation	2.50% per annum	2.50% per annum	2.55% per annum	2.55% per annum	2.55% per annum
Pre-Retirement Indexation	7.15% per annum for 2022, 2.50% for the following 22 years; 0% thereafter	7.15% per annum for 2022, 2.50% for the following 21 years; 0% thereafter	2.26% per annum for 2020, 2.55% per annum for 12 years; 0% thereafter	2.26% per annum for 2020, 2.55% per annum for 13 years; 0% thereafter	n/a
Post-Retirement Indexation (includes deferred pensioners)	0.61% per annum for 2022, 2.00% for the following 15 years; 0% thereafter	0.61% per annum for 2022, 2.00% for the following 13 years; 0% thereafter	2.15% per annum for 2020, 2.05% per annum for the following 3 years; 0% thereafter	2.15% per annum for 2020, 2.05% per annum for the following 3 years; 0% thereafter	1.95% per annum
Mortality	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 1.10 for males and 0.95 for females	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 1.00 for males and 0.95 for females	CPM2014Publ with future improvements based on CPM Scale B	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 0.750 for males and 0.926 for females	CPM2014Publ with future improvements based on CPM Scale B and adjustments of 0.750 for males and 0.926 for females
Termination	Tenure-based scale	Tenure-based scale	1	N/A	N/A
Retirement Age	Service and age-based scale	Service and age-based scale	1	2	Age 65, or in one year if judge has attained age 65
Proportion Married	Males 80% Females 75%	Males 80% Females 75%	Age-based scale	Males 80% Females 75%	Males 80% Females 75%
Age Difference for Spouses	Males 2 years older than female spouses	Males 2 years older than female spouses	Males 2 years older than female spouses	Males 2 years older than female spouses	Males 2 years older than female spouses

¹ 33% terminate or retire after 1st election, 50% of balance terminate or retire at 2nd election and remaining members terminate or retire after 3rd election.

² Later of age 55 or at which 5 years of Plan service is completed, or in one year if later

All actuarial assumptions are reviewed by a Valuation Assumption Committee. Recommendations from this committee for the various assumptions are prepared for the approval of the Minister.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group as follows:

	<u>2022</u>	<u>2021</u>
P.E.I. Public Sector Pension Plan	14 years	14 years
P.E.I. Teachers' Pension Plan	15 years	15 years
MLA Pension – Basic	N/A	7 years
MLA Pension – Supplementary	5 years	7 years
Senior Compensation Pension Plan	4 years	5 years
Judges Pension Old Plan	1 year	1 year
Judges Pension New Plan	3 years	3 years

Pension fund assets are valued at market values. The actual return on plan assets was 4.20% in 2022 (2021 – 17.60%).

In 2022, actuarial estimates were performed for all the Province's pension plans that did not have an actuarial valuation completed in the current year. These estimates are completed to reflect changes to assumptions effective April 1, 2022.

The updated discount rate assumptions are as follows:

	PSPP	TPP	MLA – Basic	MLA – Supplementary	SCP	Judges – Old & New Plans
Discount Rate 2022	6.15%	6.15%	N/A	3.60%	3.60%	3.60%
Discount Rate 2021	5.40%	5.40%	5.15%	3.05%	3.05%	3.05%

(d) Summary Pension Information

	PSPP	TPP	MLA Basic	MLA Supp ¹	SCP ¹	Judges Old Plan ¹	Judges New Plan ¹	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Accrued benefit obligation, beginning of year	2,334,641	1,079,112	25,382	20,322	32,478	9,489	3,764	3,505,188
(Gains) losses on experience and assumption changes and contingent indexation	15,540	(6,368)	(5,643)	(55)	(302)	(605)	(322)	2,245
Increase (decrease) due to ESPP and MLA mergers	145,199	-	(19,842)	-	-	-	-	125,357
Benefits accrued	56,597	20,549	379	627	1,541	168	207	80,068
Interest	133,148	57,399	963	617	995	287	116	193,525
Benefit payments	(106,448)	(52,889)	(1,239)	(812)	(1,283)	(345)	(109)	(163,125)
Accrued benefit obligation, end of year	2,578,677	1,097,803	-	20,699	33,429	8,994	3,656	3,743,258
Plan assets, beginning of year	2,334,641	1,079,112	21,912	-	-	-	-	3,435,665
Actuarial gains (losses)	(54,300)	(14,837)	937	-	-	-	-	(68,200)
Increase (decrease) due to ESPP and MLA mergers	185,712	-	(22,794)	-	-	-	-	162,918
Return on plan assets	134,210	57,621	829	-	-	-	-	192,660
Employer contributions	40,024	14,398	179	-	-	-	-	54,601
Employee contributions	40,024	14,398	176	-	-	-	-	54,598
Employer special contribution ²	4,814	-	-	-	-	-	-	4,814
Benefit payments	(106,448)	(52,889)	(1,239)	-	-	-	-	(160,576)
Plan assets, end of year	2,578,677	1,097,803	-	-	-	-	-	3,676,480
Actuarial pension liability	-	-	-	20,699	33,429	8,994	3,656	66,778
Unamortized adjustments, beginning of year	274,164	124,075	1,540	1,364	2,415	63	(466)	403,155
(Gains) losses on experience and assumption changes and contingent indexation	15,540	(6,368)	(5,643)	(55)	(302)	(605)	(322)	2,245
Transfer due to MLA merger	(5,485)	-	5,485	-	-	-	-	-
(Gain) loss on assets	54,300	14,837	(937)	-	-	-	-	68,200
Offset of unamortized net actuarial losses due to plan amendment	(37,561)	-	-	-	-	-	-	(37,561)
Amortization of gains (losses)	(36,550)	(20,187)	(445)	(687)	(502)	(32)	107	(58,296)
Unamortized adjustments, end of year	264,408	112,357	-	622	1,611	(574)	(681)	377,743
Net pension liability	(264,408)	(112,357)	-	20,077	31,818	9,568	4,337	(310,965)
Expense								
Current period benefit cost	55,783	19,903	379	627	1,541	168	207	78,608
Plan amendment ³	(37,561)	-	-	-	-	-	-	(37,561)
Offset of unamortized net actuarial losses due to plan amendment	37,561	-	-	-	-	-	-	37,561
Employee and other contributions	(39,479)	(14,075)	(176)	-	-	-	-	(53,730)
Net interest	(1,062)	(222)	134	617	995	287	116	865
Amortization of (gains) losses	36,550	20,187	445	687	502	32	(107)	58,296
Total pension expense	51,792	25,793	782	1,931	3,038	487	216	84,039

¹ These pension plans are non-contributory.

² Employer special contributions are the "top-up" payments required for the MLA Basic and ESPP mergers as disclosed in Note 11(a).

³ Plan amendment resulting from ESPP assets exceeding the base liability at the date of merger.

For plans with contingent indexation, the total accrued benefit obligation consists of the following:

	PSPP (\$000)	TPP (\$000)	MLA Supp (\$000)	SCP (\$000)	Total (\$000)
Base benefit liability	2,027,322	873,075	16,941	27,445	2,944,783
Contingent indexation liability ¹	551,355	224,728	3,758	5,984	785,825
Total accrued benefit obligation	2,578,677	1,097,803	20,699	33,429	3,730,608

¹ The contingent indexation liability is calculated based on total plan assets, less the accrued benefit obligation, assuming no future contingent indexation. This calculation does not incorporate the potential impact of future events such as contributions, gains or losses on asset returns, and new benefit accruals.

(e) Other Pension Plans

Health PEI

Salaried physicians maintain their own personal Registered Retirement Savings Plan (RRSP) accounts to which Health PEI makes contributions in accordance with the Master Agreement between the Medical Society of Prince Edward Island and the Province of Prince Edward Island. Health PEI's contributions are equivalent to 9% of the physician's base salary and shall not exceed 50% of the maximum permissible contribution provided for in the federal *Income Tax Act*. Health PEI's liability is limited to its required contributions in accordance with the agreement. Contributions towards salaried physicians' personal RRSP accounts amounted to \$1.6 million (2021 - \$1.5 million).

School Boards

Refer to Note 11(a) regarding the Prince Edward Island Education Sector Pension Plan (ESPP).

12 Other Future Employee Benefits

(a) Other Future Employee Benefits Descriptions

Retirement Pay

Employees of the Civil Service, Health, and Education sectors and MLAs are provided with retirement allowances in accordance with the applicable collective agreement, terms of employment, or legislation. Amounts paid to eligible employees at retirement are based on the pay rate in effect at the retirement date and range from four days to one month of pay for each year of eligible service, depending on the employee group. Retirement pay is subject to maximums which vary by employee group from 20 to 52 weeks of pay. These benefits are unfunded.

Death Benefits

A post-retirement death benefit in the form of life insurance coverage of \$5.0 thousand is provided to regular, health, and senior compensation members of the PSPP. MLAs also receive coverage in the amount of \$50.0 thousand until age 65, reducing to \$25.0 thousand at age 65 and then remaining at that level for life. MLAs who served as Premier, Leader of the Opposition, Speaker of the House, or as a Minister are entitled to \$75.0 thousand coverage until they are 65. This benefit is unfunded and is paid from the Operating Fund.

Workers Compensation

Workers compensation benefits include medical services, wage loss replacement, and rehabilitation costs paid in the event that a volunteer firefighter or emergency measures organization employee is injured while performing their duties.

The Province is an assessed employer for the purpose of providing workers compensation benefits to Civil Service, Instruction Education, and Health PEI employees. The liability associated with these benefits is held by the Workers Compensation Board of Prince Edward Island.

Sick Leave

Employees of the Civil Service, Instructional Education, and Health PEI are entitled to sick leave as provided for under collective agreements and terms of employment. Unused hours can be carried forward for future paid leave, up to predetermined maximum amounts. However, no amounts are paid out in respect of unused sick leave at termination or retirement. Eligible employees accumulate between 1.25 and 1.50 days of sick leave per month of service, depending on the employee group. Maximum accumulations range from 199 to 260 days. This program is unfunded.

(b) Actuarial Valuations / Estimates

Actuarial valuations of the Province's liability for other future employee benefits are carried out every three years. An estimated update, which is a calculation based on an extrapolation of the most recent valuation, is calculated by the Province for the years in which a formal valuation is not prepared.

The valuation method adopted for accounting purposes is the projected unit credit method, pro-rated on service. Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The assumptions for the most recent valuations are as follows:

	Retirement Pay (Civil & Education)	Retirement Pay (Health)	Death Benefits (MLA)	Death Benefits (Civil & Health)	WCB	Sick Leave (Civil & Education)	Sick Leave (Health)
Date of Valuation	1-Apr-20	1-Apr-20	1-Apr-20	1-Apr-20	1-Apr-20	1-Apr-20	1-Apr-20
Inflation	2.05% per annum	2.05% per annum	N/A	N/A	0-4.05% per annum	2.05% per annum	2.05% per annum
Discount Rate	2.67% per annum	2.67% per annum	2.95% per annum	2.95% per annum	2.67% per annum	2.67% per annum	2.67% per annum
Salary Escalation	1	1	N/A	N/A	N/A	2.55% per annum	2.55% per annum
Retirement Age	2	2	3	4	N/A	5	PSPP Retirement Scale at April 1, 2022
Mortality	None	None	CPM2014Publ with Scale CPM-B improvement scale	Same as PSPP at April 1, 2022	CPM2014 Public Table	None	None
Termination	6	6	7	Same as PSPP at April 1, 2022, rates are doubled for temporary and casual employees	N/A	8	PSPP Termination Scale at April 1, 2022

- 1 Salary escalation assumptions for Retirement Pay (Civil, Health & Education) are as follows:
 - Senior Compensation Plan members & MLAs – 2.55% per annum;
 - All other civil servants and health employees – 2.55% per annum + PSPP promotional scale;
 - Education sector instructional and excluded employees – 2.55% per annum + TPP promotional scale; and
 - Education sector CUPE employees – 2.55% per annum.
- 2 Retirement age assumptions for Retirement Pay (Civil, Health & Education) are as follows:
 - Civil servants and health employees – same as PSPP retirement rates for members age 55 and older at January 1, 2019, or in one year if the member has attained age 66;
 - MLAs – For members eligible to retire: 33% retire after 1st election, 50% of balance retire at 2nd election and remaining retire after 3rd election. Elections are assumed to occur every 4 years commencing October 2023;
 - Education sector instructional and excluded employees – same as TPP retirement rates for members age 55 and older at January 1, 2019, or in one year if the member has attained age 66; and
 - Education sector CUPE employees – 5% at each age from 55 to 59, 20% at age 60, 15% at age 61, 5% at each age from 62 to 64, 25% at age 65, or in one year if the member has attained age 65.
- 3 Retirement age assumptions for Death Benefits (MLA) are as follows:
 - For deferred members – later of age 50 or 1 year from the valuation date;
 - For members eligible to retire – 33% retire after 1st election, 50% of balance retire at 2nd election and remaining retire after 3rd election. Elections are assumed to occur every 4 years, as noted above.
- 4 Same as PSPP retirement rates for members age 55 and older at January 1, 2019, or in one year if the member has attained age 66.
- 5 Retirement age assumptions for Sick Leave (Civil & Education) are as follows:
 - Civil servants and excluded employees – PSPP Retirement Scale;
 - Education sector instructional employees – TPP Retirement Scale; and
 - Education sector CUPE and excluded employees – 5% at each age from 55 to 59, 20% at age 60, 15% at age 61, 5% at each age from 62 to 64, 25% at age 65, or in one year if the member has attained age 65.
- 6 Termination assumptions for Retirement Pay (Civil, Health & Education) are as follows:
 - Civil servants – same as PSPP, rates are doubled for temporary and casual employees;
 - Health employees – same as PSPP;
 - MLAs – same as MLA Pension (Basic & Supplementary);
 - Education sector instructional and excluded employees - same as TPP; and
 - Education sector CUPE employees – age-based scale.
- 7 Termination assumptions for Death Benefits (MLA) are as follows:
 - For members not eligible to retire – 33% terminate after 1st election, 50% of balance terminate at 2nd election, and remaining terminate after 3rd election. Elections are assumed to occur every 4 years, as noted above.
- 8 Termination assumptions for Sick Leave (Civil & Education) are as follows:
 - Civil servants, education sector CUPE and excluded employees – PSPP Termination Scale; and
 - Education sector instructional employees – TPP Termination Scale.

Actuarial gains and losses for other future employee benefits are amortized on a straight-line basis over the expected average remaining service life of the related employee group, which ranges from 8 to 15 years.

The market value of the death benefit reserve account at the end of the year was (\$6.1) thousand (2021 – (\$3.5) thousand). The expected rate of return on death benefit assets was 3.05 %. The actual return on assets was 2.7% (2021 – 8.1%).

In 2022, actuarial estimates were performed for all the Province's other future employee benefits to reflect changes to assumptions effective April 1, 2022.

The updated discount rate assumptions are as follows:

	Retirement Pay (Civil & Education)	Retirement Pay (Health)	Death Benefits (MLA)	Death Benefits (Civil & Health)	WCB	Sick Leave (Civil & Education)	Sick Leave (Health)
Discount Rate 2022	3.55%	3.55%	3.60%	3.60%	3.55%	3.55%	3.55%
Discount Rate 2021	2.78%	2.78%	3.05%	3.05%	2.78%	2.78%	2.78%

(c) Benefit Summary Information

	Retirement Pay \$000	Death Benefits \$000	WCB \$000	Sick Leave ¹ \$000	Total \$000
Accrued benefit obligation, beginning of year	161,798	19,524	6,348	60,335	248,005
Gain on experience and assumption changes	(11,534)	(2,330)	(746)	(3,038)	(17,648)
Benefits accrued	12,332	558	253	7,185	20,328
Interest	4,559	597	177	1,663	6,996
Benefit payments	(7,977)	(442)	(236)	(8,187)	(16,842)
Accrued benefit obligation, end of year	159,178	17,907	5,796	57,958	240,839
Plan liabilities, beginning of year	-	(4)	-	-	(4)
Actuarial gain	-	22	-	-	22
Employer contributions	-	408	-	-	408
Benefit payments	-	(432)	-	-	(432)
Plan liabilities, end of year	-	(6)	-	-	(6)
Actuarial benefit liability	159,178	17,913	5,796	57,958	240,845
Unamortized adjustments, beginning of year	1,474	2,506	153	(7,413)	(3,280)
Gain on experience and assumption changes	(11,534)	(2,330)	(746)	(3,038)	(17,648)
Gain on assets	-	(22)	-	-	(22)
Amortization of gains (losses)	(2,678)	(445)	(22)	695	(2,450)
Unamortized adjustments, end of year	(12,738)	(291)	(615)	(9,756)	(23,400)
Net benefit liability	171,916	18,204	6,411	67,714	264,245
Expense					
Current period benefit cost	12,332	558	253	7,185	20,328
Net interest	4,559	597	177	1,663	6,996
Amortization of (gains) losses	2,678	445	22	(695)	2,450
Total benefit expense	19,569	1,600	452	8,153	29,774

¹ Sick leave payments represent the cost of utilization in excess of benefits earned for the respective year.

13 Use of Estimates and Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used, it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted to reflect new information as it becomes available.

Measurement uncertainty exists in these financial statements in the accruals for such items as future pension, retirement and other obligations, contaminated sites obligations, various federal and provincial revenues including tax revenues, and provisions for losses on loans, loan guarantees, accounts receivable, and reserves for unsettled claims.

The nature of uncertainty in the accruals for pension, retirement, and other obligations arises because actual results may differ significantly from the Province's various assumptions about Plan Members and economic conditions in the marketplace. Uncertainty exists for contaminated sites obligations because the actual extent of remediation activities required may differ significantly based on the actual extent of site contamination and the chosen remediation process. Uncertainty related to federal and provincial revenues, including tax revenues, arises because of the possible differences between the estimated and actual economic growth and other assumptions used to accrue these revenues. Uncertainty related to amounts receivable arises due to assumptions on economic conditions in the marketplace and the financial health of recipients. There is uncertainty in the reserve for unsettled claims because it is based on estimates and assumptions that could differ significantly from actual results once the claims are settled. Measurement uncertainty also exists in the estimate of useful life of tangible capital assets.

Due to the global pandemic from Coronavirus (COVID-19), additional uncertainty exists. Best estimates have been used to reflect the impacts of the pandemic. However, changes in future conditions could materially change the amounts disclosed in the financial statements.

14 Prior Period Comparative Figures

Certain prior period comparatives have been restated to conform to the presentation format adopted in the current period.

15 Contingent Assets

The Province is involved in legal actions with respect to the distribution, manufacture, sale, or use of opioids and tobacco that may result in recoveries for the Province. The recoveries are contingent on a favourable outcome and cannot be reasonably estimated at this time.

16 Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic due to the Coronavirus (COVID-19) outbreak. The Province of Prince Edward Island had been operating under a public health emergency, as authorized in the *Public Health Act*, since March 16, 2020. While the public health emergency was lifted on April 6, 2022, impacts of the global pandemic continue to be recognized across the Province. Throughout the pandemic, Government has implemented a variety of programs to assist Islanders in mitigating the social and economic impacts of COVID-19. Significant COVID-19 response efforts include:

- COVID-19 immunization program and electronic access to international proof of vaccination program;
- Social and economic response packages and resources;
- Risk and outbreak management measures, including access to Personal Protective Equipment;
- Regular case monitoring and testing, including community testing and entry point testing.

The future duration and total impact of the COVID-19 pandemic on the Province cannot be reasonably estimated at this time.

17 Subsequent Events**(a) Damages due to Post-Tropical Storm Fiona**

During September 2022, post-tropical storm Fiona caused significant damage and widespread power outages across the province. The Province has rolled out a Provincial Disaster Financial Assistance Program to provide emergency, non-repayable financial assistance for uninsurable essential basic property loss and damage caused by significant events deemed eligible under the Federal Government's Disaster Financial Assistance Arrangements program. This program will help eligible individuals, small businesses, not-for-profit organizations and municipal governments. The Province has also rolled out other programs and supports to assist with the impact of post-tropical storm Fiona. At the present time, the financial impact of post-tropical storm Fiona on the Province cannot be reasonably estimated.

(b) P.E.I. Energy Corporation Wind Equipment Failures

Subsequent to March 31, 2022, equipment failures across multiple turbines have occurred at one of the Corporation's wind farms. A reliable estimate of the financial impact of these issues cannot yet be made, but the Corporation anticipates that lost electricity production during the completion of diagnostic and repair work will result in a significant decrease in revenue in 2022-23.

(c) U.P.E.I. Faculty of Medicine Cost Revision

Subsequent to March 31, 2022, a financial commitment in the amount of \$72.0 million was provided to The University of Prince Edward Island to assist with the construction of a new Faculty of Medicine, new Health and Wellness Centre, and an expanded Faculty of Nursing. This funding increases the commitment to the project to \$122.7 million. An agreement will be negotiated with the University of Prince Edward Island to satisfy the commitment over a twenty-year period.

PROVINCE OF PRINCE EDWARD ISLAND
Schedules to the Consolidated Financial Statements
for the year ended March 31, 2022

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u>
1 Cash and Short-Term Investments		
Operating Fund Cash (Bank Advances)		
Bank Advances	(72,207)	(64,462)
Consolidated Agencies and Crown Corporations Cash (Bank Advances)		
Finance PEI	9,014	2,966
French Language School Board	1,292	1,445
Health PEI	13,828	12,491
Innovation PEI	6,059	3,673
P.E.I. Agricultural Insurance Corporation	34,173	16,444
P.E.I. Grain Elevators Corporation	(2,988)	(3,393)
P.E.I. Housing Corporation	2,411	1,056
Public Schools Branch	6,457	9,885
Student Financial Assistance Corporation	1,371	880
Tourism PEI	2,610	2,795
Other	2,018	1,612
Short-Term Investments		
Liquidity Reserve	532,376	420,756
Consolidated Agencies, Boards and Crown Corporations	1,198	960
	<u>537,612</u>	<u>407,108</u>
2 Accounts and Taxes Receivable		
Taxes	81,355	81,681
Government of Canada	246,102	170,346
Social Programs	8,281	7,699
Health PEI Fees and Revenues	29,896	21,251
Due from P.E.I. Cannabis Management Corporation	3,383	841
Due from P.E.I. Liquor Control Commission	11,606	10,979
Due from P.E.I. Lotteries Commission	30,225	24,814
Other	24,907	20,433
	<u>435,755</u>	<u>338,044</u>
Provision for Doubtful Accounts (Schedule 19)	(13,955)	(12,537)
	<u>421,800</u>	<u>325,507</u>
3 Investments		
Finance PEI	-	482
Provision for Losses (Schedule 19)	-	(482)
	<u>-</u>	<u>-</u>

4 Investment in Government Business Enterprises

(a) Description of the Province's Crown Corporations classified as Government Business Enterprises

Charlottetown Area Development Corporation

The Corporation was established to provide innovation, investment, and expertise for individual projects of economic and social benefit that government, or the private sector, are not prepared to execute alone. The Corporation is owned by the Province of Prince Edward Island, the City of Charlottetown, the Town of Stratford, and the Town of Cornwall.

Island Investment Development Inc.

Island Investment Development Inc. is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island, with its purpose to invest in active business operations. The investments are typically made in new or expanding companies. The Corporation also administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island and charges applicants under the program various fees to process applications received.

Island Waste Management Corporation

The Corporation is responsible for the implementation and management of a province-wide waste management system. This includes the collection and disposal of solid waste generated in Prince Edward Island.

P.E.I. Cannabis Management Corporation

The Corporation is responsible for the administration of the *P.E.I. Cannabis Control Act*, along with the management of the purchase, sale, and distribution of cannabis and related products in the Province.

P.E.I. Energy Corporation

The Corporation is responsible for pursuing and promoting the development of energy systems and the generation, production, transmission, and distribution of energy, in all forms, on an economic and efficient basis.

P.E.I. Liquor Control Commission

The Commission is responsible for the administration of the *P.E.I. Liquor Control Act*, along with the management of the importation, sale, and distribution of beverage alcohol in the Province.

P.E.I. Lotteries Commission

The Province, through its ownership of the Prince Edward Island Lotteries Commission, is a shareholder in the Atlantic Lottery Corporation Inc. (ALC) and Interprovincial Lottery Corporation (ILC). ALC is jointly owned by the four Atlantic Provinces or their lottery agency, and is responsible to develop, organize, undertake, conduct, and manage lotteries in Atlantic Canada. ALC also markets and handles regionally the products of the ILC which is jointly owned by the ten Canadian provinces. Net profits of ALC and ILC are distributed to the shareholders. An agreement between the Commission and ALC provides for ALC to develop, organize, conduct, manage, and operate gaming entertainment centres as agent for and on behalf of the Commission.

b) Supplementary Financial Information

	Charlottetown Area Development Corporation (\$000)	Island Investment Development Inc. (\$000)	Island Waste Management Corporation (\$000)	P.E.I. Cannabis Management Corporation (\$000)	P.E.I. Energy Corporation (\$000)	P.E.I. Liquor Control Commission (\$000)	P.E.I. Lotteries Commission (\$000)	Total 2022 (\$000)	Total 2021 (\$000)
Cash and Marketable Securities	3,543	96,498	5,464	2,506	47,367	2,353	28,667	186,398	184,521
Accounts Receivable	2,447	17,319	1,161	533	6,870	1,427	1,576	31,333	22,393
Inventory	-	208	-	2,085	-	9,210	-	11,503	11,683
Loans Receivable	2,329	134,177	-	-	9,173	-	-	145,679	167,170
Tangible Capital Assets	69,238	19,847	19,430	3,131	121,784	7,708	-	241,138	224,137
Other Assets	2,598	4,435	695	-	84,492	143	10,446	102,809	101,653
Total Assets	80,155	272,484	26,750	8,255	269,686	20,841	40,689	718,860	711,557
Accounts Payable	3,948	3,413	2,958	3,519	6,706	5,235	18	25,797	19,022
Long-Term Debt	12,791	4,631	11,882	-	160,007	93	-	189,404	201,458
Obligations under Capital Lease	-	-	-	1,343	427	3,105	-	4,875	5,532
Other Liabilities	52,123	38,431	10,582	3,393	5,121	12,408	30,225	152,283	172,939
Total Liabilities	68,862	46,475	25,422	8,255	172,261	20,841	30,243	372,359	398,951
Equity	11,293	226,009	1,328	-	97,425	-	10,446	346,501	312,606
Total Liabilities and Equity	80,155	272,484	26,750	8,255	269,686	20,841	40,689	718,860	711,557
Percentage of Ownership	81%	100%	100%	100%	100%	100%	100%		
Province of P.E.I.'s Equity	9,147	226,009	1,328	-	97,425	-	10,446	344,355	310,810
Revenues	5,871	30,790	22,026	23,123	25,149	93,903	23,492	224,354	207,525
Expenses	5,141	17,810	22,286	20,513	17,546	68,989	4,563	156,848	144,328
Net Income	730	12,980	(260)	2,610	7,603	24,914	18,929	67,506	63,197
Minority Interest in Net Income	(139)	-	-	-	-	-	-	(139)	(197)
Income (Loss) from GBEs	591	12,980	(260)	2,610	7,603	24,914	18,929	67,367	63,000
Equity adjustment in CADC ¹	(211)	-	-	-	-	-	-	(211)	-
Net Income (Loss) from GBEs	380	12,980	(260)	2,610	7,603	24,914	18,929	67,156	63,000
Other Comprehensive Income	-	-	-	-	9,171	-	3,671	12,842	22,709
Income Distributions to the Province	-	-	-	(2,610)	-	(24,914)	(18,929)	(46,453)	(34,991)
Province's Increase in Equity	380	12,980	(260)	-	16,774	-	3,671	33,545	50,718

Audited financial statements of Government Business Enterprises are provided in Volume III of the Public Accounts of the Province of Prince Edward Island.

¹On May 14, 2021, the Province sold 50 (2.0%) of its existing shares in the CADC to the Town of Cornwall, which resulted in a \$211.3 thousand decrease in the balance of the Province of PEI's Equity in the CADC.

c) Long-Term Debt

Long-term debt repayments of Government Business Enterprises due over the next five years and thereafter are:

	<u>Internal</u> <u>(\$000)</u>	<u>External</u> <u>(\$000)</u>	<u>Total</u> <u>(\$000)</u>
2022-2023	4,047	9,063	13,110
2023-2024	2,863	10,077	12,940
2024-2025	207	9,387	9,594
2025-2026	195	9,737	9,932
2026-2027	3,329	12,957	16,286
Thereafter	-	127,542	127,542
	<u>10,641</u>	<u>178,763</u>	<u>189,404</u>

d) Obligations Under Capital Lease

Future minimum lease payments of Government Business Enterprises under the capital lease obligations are as follows:

	<u>Total</u> <u>(\$000)</u>
2022-2023	935
2023-2024	844
2024-2025	812
2025-2026	664
2026-2027	523
Thereafter	2,352
Total minimum lease payments	6,130
Less: Imputed Interest	(1,255)
Net Obligation	<u>4,875</u>

e) Balances and Transactions with the Provincial Reporting Entity

	Charlottetown Area Development Corporation (\$000)	Island Investment Development Inc. (\$000)	Island Waste Management Corporation (\$000)	P.E.I. Cannabis Management Corporation (\$000)	P.E.I. Energy Corporation (\$000)	P.E.I. Liquor Control Commission (\$000)	P.E.I. Lotteries Commission (\$000)	Total 2022 (\$000)	Total 2021 (\$000)
Balances									
Accounts Receivable									
Due from Province of P.E.I.	1,261	923	-	-	1,985	-	-	4,169	616
Due from Agencies, Boards and Crown Corporations	-	15,811	-	-	-	-	-	15,811	13,197
Loans and Notes Receivable									
Due from Agencies, Boards and Crown Corporations	-	9,852	-	-	-	-	-	9,852	9,920
Accounts Payable									
Due to Province of P.E.I.	-	-	-	3,438	809	11,862	30,225	46,334	39,410
Deferred Revenue (Included in Other Liabilities)									
Received from Province of P.E.I.	-	-	2,535	-	-	-	-	2,535	2,329
Loans and Notes Payable (Included in Long-term Debt)									
Due to Province of P.E.I.	-	3,291	2,217	-	3,000	-	-	8,508	12,662
Transactions									
Transfers from									
Province of P.E.I.	888	-	1,564	-	3,964	-	-	6,416	837
Agencies, Boards and Crown Corporations	-	5,261	-	-	-	-	-	5,261	4,334
Government Business Enterprises	-	-	-	522	-	-	-	522	-
Transfers to									
Province of P.E.I.	-	-	-	2,798	-	25,068	19,167	47,033	35,577
Agencies, Boards and Crown Corporations	-	1,208	-	-	-	-	-	1,208	1,172
Government Business Enterprises	-	-	-	-	-	522	-	522	-

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u>
5 Sinking Fund		
FINANCIAL ACTIVITIES		
Sinking Fund Earnings		
Investment Earnings	12,404	11,689
Bank Charges	(32)	(27)
Net Sinking Fund Earnings	<u>12,372</u>	<u>11,662</u>
Installments from the Operating Fund	11,100	11,100
Change in Sinking Fund	<u>23,472</u>	<u>22,762</u>
Sinking Fund, beginning of year	<u>315,490</u>	<u>292,728</u>
Sinking Fund, end of year	<u><u>338,962</u></u>	<u><u>315,490</u></u>
FINANCIAL POSITION		
Assets		
Cash	248	246
Accrued Interest	<u>2,096</u>	<u>1,950</u>
	2,344	2,196
Investments, at cost ¹	<u>336,624</u>	<u>313,300</u>
Total Assets	<u><u>338,968</u></u>	<u><u>315,496</u></u>
Liabilities		
Accounts Payable	6	6
Sinking Fund Reserve	<u>338,962</u>	<u>315,490</u>
Total Liabilities and Fund Reserve	<u><u>338,968</u></u>	<u><u>315,496</u></u>

¹ Market value of investments \$353.7 million (2021 - \$358.3 million)

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u>
6 Loans Receivable		
Operating Fund		
Community Development loan due to the year 2023, bearing interest at 4.24%.	40	80
Island Investment Development Inc. loans due to the year 2023, bearing interest rates ranging from 2.46% to 2.95%.	3,291	3,996
Island Waste Management Corporation loans due to the year 2025, bearing interest rates ranging from 1.13% to 1.91%.	2,217	611
P.E.I. Cannabis Management Corporation loans, repaid during the year.	-	5,055
P.E.I. Liquor Control Commission loan due to the year 2024, bearing interest at 4.07%.	93	137
P.E.I. Energy Corporation loan due on demand, bearing interest at the Province of P.E.I. Treasury Board interest rate to Crown Corporations on advances.	3,000	3,000
Agencies, Boards and Crown Corporations		
Finance PEI loans repayable over various terms to a maximum of 10 years with interest rates ranging from 4.00% to 9.25%.	256,894	249,045
P.E.I. Student Financial Assistance Corporation loans due with various terms of repayment extending up to 15 years; Non-interest bearing.	30,137	30,702
Other		
Employee Transition Advances - Non-interest bearing	1,552	1,753
Employee Loans, with a one year term, bearing interest at 1.00%.	31	28
Provision for Doubtful Accounts (Schedule 19)	(51,041)	(48,540)
	<u>246,214</u>	<u>245,867</u>

Student Financial Assistance Corporation loans are net of interest concession of \$3,711.1 thousand (2021 - \$3,724.0 thousand).

Employee Transition Advances are net of interest concession of \$56.2 thousand (2021 - \$135.0 thousand).

	2022 (\$000)	2021 (\$000)
7 Pension, Retirement and Other Obligations		
P.E.I. Public Sector Pension Plan	264,408	274,164
P.E.I. Teachers' Pension Plan	112,357	124,075
Pension Plan for Members of the Legislative Assembly	-	(1,930)
Other Pension Plans	(65,800)	(62,677)
Retirement and Death Benefits	(190,121)	(177,346)
Sick Leave	(67,714)	(67,747)
Workers' Compensation	(6,411)	(6,195)
	46,719	82,344
8 Deferred Revenue and Credits		
Motor Vehicle Registry	9,678	10,648
Government of Canada		
COVID-19 Response and Recovery	6,621	1,732
Early Learning and Child Care Agreements	9,454	-
Gas Tax Fund	49,756	7,764
Improving Affordable Access to Prescription Drugs	2,687	-
Labour Market and Workforce Agreements	1,309	4,523
Health PEI	5,067	3,888
Finance PEI	1,122	1,159
Other Consolidated Agencies, Boards and Crown Corporations	716	745
Other Operating Fund	362	304
	86,772	30,763
9 Accounts Payable and Accrued Liabilities		
Goods and Services	273,129	229,424
Government of Canada	32,660	30,683
Interest	29,232	29,442
Wages and Benefits	85,634	95,230
Finance PEI - Advances from Related Companies	15,810	13,197
P.E.I. Self-Insurance and Risk Management - Reserve for Unsettled Claims	11,207	8,896
Labour Market Development and Social Services	4,341	2,397
Other	23,626	18,953
	475,639	428,222
10 Short-Term Loans Payable		
Operating Fund		
Treasury Notes, 0.20% - 0.87%, maturing April 5 to June 28, 2022	780,000	780,000
Discount on Treasury Notes	(653)	(131)
	779,347	779,869
Finance PEI		
Demand Note Payable to Island Investment Development Inc.		
Interest is charged monthly at the Province of P.E.I. Treasury Board interest rate to Crown Corporations on advances.	6,998	6,998
	786,345	786,867

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u>
11 Obligations Under Capital Lease		
Operating Fund		
Lease obligation payable monthly until the year 2032, bearing interest at 3.00%.	5,460	5,900
Innovation PEI		
Lease obligation payable monthly until the year 2022, non-interest bearing.	2	13
	<u>5,462</u>	<u>5,913</u>

Interest expense related to capital lease obligations for the year was \$177.0 thousand (2021 - \$188.3 thousand).

Future minimum lease payments under the capital lease obligations are as follows:

2022-2023	619
2023-2024	617
2024-2025	617
2025-2026	617
2026-2027	617
Thereafter	3,334
Total minimum lease payments	<u>6,421</u>
Less: Imputed interest	<u>(959)</u>
	<u>5,462</u>

12 Loans Payable

Operating Fund		
Government of Canada, repaid during the year.	-	109
Adjustment for interest charge concession.	-	(3)
	<u>-</u>	<u>106</u>

P.E.I. Teachers' Pension Plan, 2.90%, maturing April 1, 2022, with interest payable semi-annually and principal payments of \$8.0 million payable annually.

8,037	16,074
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P.E.I. Teachers' Pension Plan, 4.14%, maturing January 1, 2029, with interest payable semi-annually and principal payments of \$23.5 million payable annually beginning in 2023.

164,640	164,640
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P.E.I. Public Sector Pension Plan, 2.90%, maturing April 1, 2022, with interest payable semi-annually and principal payments of \$15.1 million payable annually.

15,076	30,152
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P.E.I. Public Sector Pension Plan, 4.14%, maturing January 1, 2029, with interest payable semi-annually and principal payments of \$33.1 million payable annually beginning in 2023.

231,530	231,530
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	2022 (\$000)	2021 (\$000)
12 Loans Payable (continued)		
Consolidated Agencies, Boards and Crown Corporations		
Finance PEI		
Island Investment Development Inc., 4.00% note payable, no specific repayment terms.	1,430	1,430
Island Investment Development Inc., 4.00% note payable, no specific repayment terms.	557	557
Island Investment Development Inc., 4.00% note payable, due October 2022, repayable at \$8,165 monthly including principal and interest.	860	935
Manulife Financial, 6.01% note payable, due December 2024, repayable at \$88,025 monthly including principal and interest. This note payable is secured by a general security agreement covering certain property holdings with a net book value of nil.	2,674	3,544
Manulife Financial, 5.54% note payable, due December 2024, repayable at \$7,969 monthly including principal and interest. This note payable is secured by a general security agreement covering certain property holdings with a net book value of nil.	244	324
P.E.I. Grain Elevators Corporation		
Demand loan payable to Scotiabank, interest payable at a variable rate, repayable in monthly principal amounts of \$16,944 plus interest, due July 2022 or 15 days prior to the expiration of the guarantee from the Province if it is not renewed, amortized over 15 years.	1,862	2,066
P.E.I. Housing Corporation		
Canada Mortgage and Housing Corporation:		
- Mortgages Payable	4,192	3,166
- Debentures Payable	937	1,225
Interest rates range: 1.31% - 5.89%		
Maturity dates range: 2023 - 2029		
Loans and debentures are secured by properties.		
Summerside Regional Development Corporation Ltd.		
Atlantic Canada Opportunities Agency, non-interest bearing loan payable, due in and amortized to June 2025, repayable in monthly payments of \$13,900.	542	709

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u>
12 Loans Payable (continued)		
P.E.I. Century 2000 Fund Inc., 4.00% loan payable, due August 2026, amortized to 2046, repayable in monthly payments of principal and interest of \$36,588. As security the company has provided a promissory note and a first collateral mortgage on land and buildings located at 109 Water Street, 268 Water Street and 250-262 Water Street, Summerside, PE, assignment of property insurance, and assignment of lease(s) and rent(s).		
	6,864	6,975
	<u>439,445</u>	<u>463,433</u>

Principal repayment requirements over the next five years and thereafter on outstanding loans payable are as follows:

2022-2023	84,226
2023-2024	58,970
2024-2025	58,608
2025-2026	57,599
2026-2027	57,314
Thereafter	122,728
	<u>439,445</u>

13 Debentures and Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Debt (\$000)	Sinking Fund (\$000)	Net Debt 2022 (\$000)	Net Debt 2021 (\$000)
Public Issues:							
15-Dec-93	15-Dec-23	8.500%	30	60,000	59,261	739	3,821
17-Aug-15	25-Aug-25	2.350%	10	125,000	-	125,000	125,000
20-Aug-02	29-Jul-27	6.100%	25	100,000	38,302	61,698	64,358
11-Feb-21	11-Feb-28	1.200%	7	125,000	-	125,000	125,000
21-Feb-00	21-Feb-30	6.800%	30	80,000	45,993	34,007	36,879
27-Jul-21	27-Jul-31	1.850%	10	100,000	-	100,000	-
24-Mar-22	27-Jul-31	1.850%	9	100,000	-	100,000	-
29-Jan-02	29-Jan-32	6.250%	30	100,000	48,730	51,270	54,537
12-Jun-03	21-Feb-34	5.600%	30	100,000	37,123	62,877	65,467
16-Sep-04	15-Jun-35	5.700%	30	100,000	32,185	67,815	70,253
28-Jan-05	19-May-36	5.300%	31	100,000	29,426	70,574	72,913
12-Sep-05	19-Nov-37	4.650%	32	100,000	28,692	71,308	73,596
17-Mar-10	19-Nov-37	4.650%	27	100,000	19,251	80,749	82,686
16-Mar-11	19-May-41	4.600%	30	100,000	-	100,000	100,000
26-Jul-11	19-May-41	4.600%	30	100,000	-	100,000	100,000
19-Jun-12	27-Jun-42	3.650%	30	200,000	-	200,000	200,000
11-Sep-19	1-Dec-51	2.650%	32	100,000	-	100,000	100,000
13-May-20	1-Dec-51	2.650%	31	125,000	-	125,000	125,000
10-Jan-13	17-Jan-53	3.600%	40	125,000	-	125,000	125,000
6-Aug-13	17-Jan-53	3.600%	40	75,000	-	75,000	75,000
11-Mar-14	17-Jan-53	3.600%	39	125,000	-	125,000	125,000
17-Jul-14	17-Jul-54	3.850%	40	125,000	-	125,000	125,000
				<u>2,365,000</u>	<u>338,963</u>	<u>2,026,037</u>	<u>1,849,510</u>
Canada Pension Plan Issues:							
2001-02	2021-2022	6.593%	20	-	-	-	11,374
2002-03	2022-2023	6.285%	20	11,360	-	11,360	11,360
2003-04	2023-2024	5.728%	20	11,135	-	11,135	11,135
2004-05	2024-2025	5.659%	20	10,500	-	10,500	10,500
2005-06	2025-2026	5.212%	20	3,036	-	3,036	3,036
2005-06	2035-2036	4.772%	30	5,939	-	5,939	5,939
2006-07	2036-2037	4.879%	30	13,526	-	13,526	13,526
2007-08	2037-2038	4.851%	30	10,010	-	10,010	10,010
2008-09	2038-2039	4.968%	30	9,703	-	9,703	9,703
2009-10	2039-2040	4.984%	30	10,544	-	10,544	10,544
2010-11	2040-2041	4.818%	30	9,603	-	9,603	9,603
2011-12	2041-2042	4.522%	30	9,794	-	9,794	9,794
2012-13	2042-2043	3.624%	30	6,971	-	6,971	6,971
				<u>112,121</u>	<u>-</u>	<u>112,121</u>	<u>123,495</u>
				2,477,121	338,963	2,138,158	1,973,005
Debt Discount				(26,261)	-	(26,261)	(17,026)
Total Debentures and Sinking Fund				<u>2,450,860</u>	<u>338,963</u>	<u>2,111,897</u>	<u>1,955,979</u>

13 Debentures and Sinking Fund (continued)

The debentures listed on this schedule have been issued in Canadian dollars.

Canada Pension Plan debentures are redeemable in whole or in part before maturity at the option of the Minister of Finance of Prince Edward Island.

Interest rates are calculated on a weighted average basis.

Projected Payments

Projected payments for the next five years and thereafter are:

	Total Repayments (\$000)	Sinking Fund Requirements (\$000)	Net Principal Repayments (\$000)
2022-2023	11,360	-	11,360
2023-2024	71,135	59,261	11,874
2024-2025	10,500	-	10,500
2025-2026	128,036	-	128,036
2026-2027	-	-	-
Thereafter	2,256,090	279,702	1,976,388
	<u>2,477,121</u>	<u>338,963</u>	<u>2,138,158</u>

Net principal repayments are comprised of the principal amount due less available designated sinking funds to retire the debenture.

14 Tangible Capital Assets

	Land and Improvements (\$'000)	Buildings and Improvements (\$'000)	Leasehold Improvements (\$'000)	Roads and Bridges ¹ (\$'000)	Motor Vehicles (\$'000)	Equipment (\$'000)	Other (\$'000)	Total 2022 (\$'000)	Total 2021 (\$'000)
Cost, beginning of year	112,153	989,353	11,821	1,380,693	85,740	370,867	102,687	3,053,314	2,881,725
Additions	6,292	59,858	918	78,791	15,494	29,100	14,237	204,690	187,985
Disposals / Writedowns	(270)	(392)	(3)	-	(5,614)	(1,207)	(64)	(7,550)	(2,246)
Adjustments	-	(136)	-	(634,114)	-	(230)	-	(634,480)	(14,151)
Cost, end of year	118,175	1,048,683	12,736	825,370	95,620	398,530	116,860	2,615,974	3,053,314
Accumulated Amortization, beginning of year	4,102	481,942	8,930	916,350	50,893	260,554	62,547	1,785,318	1,709,657
Amortization	128	25,126	727	35,768	5,897	28,572	2,629	98,847	90,735
Disposals / Writedowns	-	(150)	(1)	-	(5,507)	(1,185)	(64)	(6,907)	(923)
Adjustments	-	(136)	-	(634,114)	-	(230)	-	(634,480)	(14,151)
Accumulated Amortization, end of year	4,230	506,782	9,656	318,004	51,283	287,711	65,112	1,242,778	1,785,318
Net Book Value	113,945	541,901	3,080	507,366	44,337	110,819	51,748	1,373,196	1,267,996

The net book value of capital assets unamortized and under construction or development is \$95.5 million (2021 - \$51.9 million).

¹During the year, Management reviewed the opening balance of Roads and Bridges and identified assets under the Provincial Paving Program totalling \$634.1 million that were fully amortized in previous years and were no longer considered to be in use. As a result, the Province has recorded an adjustment to both cost and accumulated amortization, resulting in a net \$0 adjustment to the net book value of tangible capital assets.

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u>
15 Inventories and Property Holdings		
Inventories		
Operating Fund		
Department of Education and Lifelong Learning	573	678
Department of Environment, Energy and Climate Action	134	65
Department of Health and Wellness - Personal Protective Equipment	5,495	4,083
Department of Health and Wellness - Other	572	150
Department of Transportation and Infrastructure	12,690	10,989
Health PEI - Personal Protective Equipment	3,011	6,640
Health PEI - Other	7,944	7,752
Other Consolidated Agencies, Boards and Crown Corporations	241	274
Property Holdings		
Operating Fund		
Tax Sale Properties	571	668
Finance PEI	5,461	5,524
P.E.I. Housing Corporation	206	206
	<u>36,898</u>	<u>37,029</u>
Provision for Losses on Property Holdings (Schedule 19)	<u>(4,944)</u>	<u>(5,039)</u>
	<u>31,954</u>	<u>31,990</u>

16 Prepaid Expenses and Other Deferred Charges

Operating Fund		
Information Technology Maintenance and Support	5,537	4,493
Other	840	612
Health PEI	3,067	3,200
P.E.I. Grain Elevators Corporation	190	310
Other Consolidated Agencies, Boards and Crown Corporations	262	260
	<u>9,896</u>	<u>8,875</u>

17 Trust Funds

	<u>2022</u> <u>(\$000)</u>	<u>2021</u> <u>(\$000)</u> Restated
Operating Fund		
P.E.I. Public Sector Pension Plan	2,578,677	2,334,641
P.E.I. Teachers' Pension Plan	1,097,803	1,079,112
Pension Plan for MLAs	-	21,912
Public Trustee	10,025	10,827
Supreme Court	1,701	1,976
Other	3,997	4,299
Health PEI	1,269	1,279
P.E.I. Museum and Heritage Foundation	1,245	1,195
Public Schools Branch	264	271
	<u>3,694,981</u>	<u>3,455,512</u>

18 Guaranteed Debt

	<u>Maturity Date</u>	<u>Authorized Limit (\$000)</u>	<u>2022 Outstanding (\$000)</u>	<u>2021 Outstanding (\$000)</u>
Debentures / Capital Loans				
Island Investment Development Inc.	Apr 2017 to Apr 2021	129,280	292	654
Island Waste Management Corporation	31-Dec-2027	30,130	11,461	13,061
P.E.I. Energy Savings Bonds	31-Dec-2016	20,000	1	1
P.E.I. Firefighters Association	31-Mar-2027	140	-	68
Pownal Sports Centre	30-Jun-2024	700	178	253
		<u>180,250</u>	<u>11,932</u>	<u>14,037</u>

Both principal and interest are guaranteed for loan guarantees and debenture share issues. During the term, authorized lines of credit may revolve up to the original principal guaranteed plus interest due.

19 Continuity of Provision for Doubtful Accounts and Losses

	Provision 2021 (\$000)	Written Off During Year (\$000)	Increase (Decrease) (\$000)	Provision 2022 (\$000)
Accounts and Taxes Receivable:				
Operating Fund				
Social Programs	7,699	-	582	8,281
Real Property Tax	490	(125)	390	755
Other Departments	302	-	170	472
Finance PEI	834	-	40	874
Health PEI	2,794	-	436	3,230
Innovation PEI	129	-	(7)	122
P.E.I. Grain Elevators Corporation	62	-	-	62
P.E.I. Housing Corporation	110	-	(63)	47
Tourism PEI	117	-	(5)	112
	12,537	(125)	1,543	13,955 ¹
Investments:				
Finance PEI	482	-	(482)	-
	482	-	(482)	- ²
Loans Receivable:				
Finance PEI	36,893	-	2,992	39,885
P.E.I. Student Financial Assistance Corp.	11,647	-	(491)	11,156
	48,540	-	2,501	51,041 ³
Property Holdings:				
Operating Fund	359	(18)	(77)	264
Finance PEI	4,680	-	-	4,680
	5,039	(18)	(77)	4,944 ⁴

¹ Provision for Doubtful Accounts for Accounts and Taxes Receivable are deducted on Schedule 2.

² Provision for Losses on Investments are deducted on Schedule 3.

³ Provision for Doubtful Accounts for Loans Receivable are deducted on Schedule 6.

⁴ Provision for Losses on Property Holdings are deducted on Schedule 15.

20 Debentures Issued and Matured**ISSUED**

<u>Date Of Issue</u>	<u>Rate of Interest</u>	<u>Date of Maturity</u>	<u>Amount of Issue (\$000)</u>	<u>Price Received</u>
21-Jul-21	1.85%	27-Jul-31	100,000	99.21
24-Mar-22	1.85%	27-Jul-31	100,000	90.29
Total Debentures Issued			<u>200,000</u>	

MATURED

<u>Date Of Issue</u>	<u>Rate of Interest</u>	<u>Date of Maturity</u>	<u>Amount of Issue (\$000)</u>	<u>Amount Matured (\$000)</u>
1-Apr-01	6.52%	1-Apr-21	1,272	1,272
1-May-01	6.71%	1-May-21	1,472	1,472
1-Jun-01	6.85%	1-Jun-21	1,520	1,520
2-Jul-01	6.73%	2-Jul-21	953	953
4-Aug-01	6.74%	4-Aug-21	848	848
1-Sep-01	6.48%	1-Sep-21	793	793
1-Oct-01	6.69%	1-Oct-21	798	798
2-Nov-01	6.38%	2-Nov-21	764	764
1-Dec-01	6.44%	1-Dec-21	443	443
4-Jan-02	6.43%	4-Jan-22	537	537
1-Feb-02	6.38%	1-Feb-22	543	543
1-Mar-02	6.40%	1-Mar-22	1,431	1,431
Total Debentures Matured				<u>11,374</u>

	2022 Budget (\$000)	2022 Actual (\$000)	2021 Actual (\$000)
<u>Revenues</u>			
21 Taxes			
Personal Income Tax	421,844	520,235	451,884
Sales Tax	342,846	396,242	319,540
Real Property Tax	139,643	140,488	132,230
Corporate Income Tax	92,501	130,310	103,073
Health Tax on Tobacco	31,000	29,797	31,876
Gasoline Tax	26,814	25,746	24,123
Health Tax on Liquor	21,105	23,055	21,828
Insurance Premium Tax	16,000	19,109	18,582
Carbon Levy	35,360	18,491	17,751
Real Property Transfer Tax	6,200	13,042	8,340
Corporation Capital Tax	5,500	7,495	5,793
Cannabis Tax	1,300	2,612	1,885
Environment Tax	1,300	1,503	1,423
Other	200	-	-
	1,141,613	1,328,125	1,138,328
22 Licenses and Permits			
Motor Vehicle Registry	19,735	24,424	22,084
Securities Act	8,210	7,916	7,826
Security Brokers and Salesperson's Licenses	3,447	4,204	3,513
Registry Act	1,500	1,491	1,469
P.E.I. Regulatory and Appeals Commission	897	1,476	958
Other	5,325	6,005	4,684
	39,114	45,516	40,534
23 Fees and Services			
Patient Fees	22,289	21,816	24,205
P.E.I. Agricultural Insurance Corp.- Insurance Premiums	15,020	15,764	13,968
Beverage Containers and Recycled Materials	7,813	9,432	8,300
Third Party Insurance	5,000	4,457	4,851
Land Title and Registry Fees	3,200	4,209	3,643
Automated Property Registration	1,800	1,908	1,687
9-1-1 Cost Recovery Fees	1,431	1,446	1,431
Tuition Reimbursement	1,095	1,489	1,210
Fines and Penalties	1,071	1,248	973
Electricity Efficiency and Conservation Plan Contributions	1,200	1,181	1,175
Provincial Integrated Communication System Recoveries	1,121	1,121	1,131
R.C.M.P. Recoveries	871	614	873
P.E.I. Grain Elevators Corporation	548	365	597
Tourism PEI	-	385	290
Other	13,270	13,693	12,784
	75,729	79,128	77,118
24 Sales			
P.E.I. Grain Elevators Corporation	20,493	22,106	17,933
Tourism PEI - Golf and Park Operations	3,697	6,296	4,137
Health PEI	1,721	1,282	1,230
Other	976	1,830	1,438
	26,887	31,514	24,738

	2022 Budget (\$000)	2022 Actual (\$000)	2021 Actual (\$000)
25 Investment Income			
Operating Fund	1,271	4,397	3,616
Finance PEI	10,075	11,442	11,285
Other Consolidated Agencies, Boards and Crown Corporations	190	269	329
	11,536	16,108	15,230
26 Other Income			
Operating Fund	1,361	3,333	2,017
Property Operations			
P.E.I. Housing Corporation	10,470	9,429	8,567
Finance PEI	3,758	4,756	4,139
Summerside Regional Development Corporation Ltd.	1,014	1,018	1,004
Health PEI - Foundation Capital Funding	6,334	9,346	5,329
Health PEI - Other	1,449	8,000	2,172
Innovation PEI	1,819	1,677	1,512
Other Consolidated Agencies, Boards and Crown Corporations	1,306	1,568	1,087
	27,511	39,127	25,827
27 Government of Canada			
Equalization	483,876	483,876	454,132
Canada Health Transfer	181,607	185,109	177,855
Canada Social Transfer	65,162	66,419	63,817
Labour Market Agreements	32,590	35,732	33,546
COVID-19 Response and Recovery	3,057	40,475	87,742
Infrastructure Programs			
Investing in Canada Infrastructure Program	111,597	78,968	38,171
New Deals for Cities and Communities	12,075	24,537	10,967
Build Canada and New Building Canada Funds	24,382	21,848	25,143
Capital Funding	10,475	18,021	5,625
Clean Water and Wastewater Fund	-	1,029	5,664
Crop Insurance	19,379	17,635	16,826
Early Learning and Childcare Agreement	3,559	9,617	3,568
Housing Programs	4,982	5,328	5,948
Electronic Medical Records System	6,000	4,751	2,050
Low Carbon Economy Fund	10,024	4,372	5,597
Agriculture Support Programs	4,229	4,053	3,844
Official Languages in Education	3,344	3,920	3,730
Canada Games Funding	-	3,915	35
Home Care Services	2,500	2,095	1,472
Mental Health Services	2,510	1,932	2,518
Youth Justice Services	1,615	1,615	1,615
Rehabilitation Programs	1,460	1,414	2,488
Promotion of Official Languages	1,007	1,238	1,237
Other	13,739	15,783	14,563
	999,169	1,033,682	968,153

	2022 Budget (\$000)	2022 Actual (\$000)	2021 Actual (\$000)
<u>Expenses</u>			
28 Agriculture and Land			
Department of Agriculture and Land	21,052	29,261	19,756
P.E.I. Agricultural Insurance Corporation	53,309	30,392	54,723
P.E.I. Grain Elevators Corporation	21,239	21,869	18,711
	95,600	81,522	93,190
29 Economic Growth, Tourism and Culture			
Department of Economic Growth, Tourism and Culture	38,450	41,011	38,758
Innovation PEI	47,148	44,345	50,899
Finance PEI	11,445	9,630	12,710
P.E.I. Museum and Heritage Foundation	1,908	2,060	1,703
Summerside Regional Development Corporation Ltd.	840	798	787
Tourism PEI	22,362	23,654	27,371
	122,153	121,498	132,228
30 Education and Lifelong Learning			
Department of Education and Lifelong Learning	148,947	159,241	141,031
Public Schools Branch	242,368	254,568	235,640
French Language School Board	18,800	19,978	19,411
P.E.I. Advisory Council on the Status of Women	231	239	213
P.E.I. Regulatory and Appeals Commission	3,307	3,680	3,595
P.E.I. Student Financial Assistance Corporation	10,590	9,202	9,210
	424,243	446,908	409,100
31 Finance			
Department of Finance	64,995	60,279	56,107
General Government	60,253	102,129	80,729
Employee Benefits	64,897	57,654	63,719
Interest on Underfunded Employee Future Benefits	4,693	5,410	5,235
P.E.I. Self Insurance and Risk Management Fund	5,476	6,078	3,797
	200,314	231,550	209,587
32 Fisheries and Communities			
Department of Fisheries and Communities	40,780	41,314	44,495
Employment Development Agency	5,936	5,609	5,259
P.E.I. Marine Science Organization	502	197	530
	47,218	47,120	50,284

	2022 Budget (\$000)	2022 Actual (\$000)	2021 Actual (\$000)
33 Health and Wellness			
Department of Health and Wellness	63,922	67,500	48,947
Health PEI	778,323	781,059	745,559
	842,245	848,559	794,506
34 Justice and Public Safety			
Department of Justice and Public Safety	65,794	65,612	62,813
P.E.I. Human Rights Commission	800	837	755
	66,594	66,449	63,568
35 Social Development and Housing			
Department of Social Development and Housing	140,508	144,091	133,261
P.E.I. Housing Corporation	32,257	41,349	29,923
	172,765	185,440	163,184
36 Expenses by Object			
Administration		32,722	36,202
Amortization of Tangible Capital Assets		98,847	90,735
Debt		135,056	136,441
Materials, Supplies and Services		246,853	221,927
Professional Services		235,542	210,860
Salaries and Benefits		983,335	941,413
Travel and Training		9,577	7,997
Transfer Payments		826,979	724,624
		2,568,911	2,370,199

37 Reconciliation of Consolidated Surplus

	2022 Surplus (Deficit) (\$000)	Consolidation Adjustments (\$000)	2022 Consolidated Surplus (Deficit) (\$000)
Operating Fund	14,343	(10,529) ¹	3,814
Consolidated Agencies, Boards and Crown Corporations			
Finance PEI	2,024	63 ²	2,087
French Language School Board	1,320	(73) ³	1,247
Health PEI	1,495	(10,516) ⁴	(9,021)
Innovation PEI	4	-	4
P.E.I. Advisory Council on the Status of Women	(2)	-	(2)
P.E.I. Agricultural Insurance Corporation	20,665	-	20,665
P.E.I. Crown Building Corporation	-	-	-
P.E.I. Grain Elevators Corporation	(25)	-	(25)
P.E.I. Housing Corporation	10,345	(11,788) ⁴	(1,443)
P.E.I. Human Rights Commission	58	-	58
P.E.I. Marine Science Organization	97	-	97
P.E.I. Museum and Heritage Foundation	(12)	(164) ⁴	(176)
P.E.I. Regulatory and Appeals Commission	161	-	161
P.E.I. Self Insurance and Risk Management Fund	2,787	-	2,787
P.E.I. Student Financial Assistance Corporation	400	14 ⁵	414
Public Schools Branch	(9)	(3,989) ⁶	(3,998)
Summerside Regional Development Corporation Ltd.	(8)	-	(8)
Tourism PEI	-	-	-
Total Consolidated Agencies, Boards and Crown Corps.	39,300	(26,453)	12,847
Government Business Enterprises (Schedule 4)	67,156	-	67,156
Consolidated Surplus			83,817

Consolidation Adjustments

¹ **Operating Fund**

Adjustments for intercompany accounts.

(10,529)

² **Finance PEI**

Net adjustment for provision for loss on intercompany loans.

63

37 Reconciliation of Consolidated Surplus (continued)**³ French Language School Board**

Reversal of prior year adjustment to eliminate deferred revenue.	(1,028)
Eliminate current year deferred revenue.	<u>955</u>
	<u>(73)</u>

⁴ Adjustment for Capital Funding Provided By Operating Fund To

Health PEI	<u>(10,516)</u>
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P.E.I. Housing Corporation	<u>(11,788)</u>
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P.E.I. Museum and Heritage Foundation	<u>(164)</u>
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⁵ P.E.I. Student Financial Assistance Corporation

Net adjustment for interest concession on interest free student loans.	<u>14</u>
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⁶ Public Schools Branch

Reversal of prior year adjustment to eliminate deferred revenue.	(7,351)
Eliminate current year deferred revenue.	<u>3,362</u>
	<u>(3,989)</u>

38 Reconciliation of 2021-2022 Budget Estimates

	2021-2022 Budget per Estimates Book (\$000)	Adjustments (\$000)	2022 Budget (\$000)
REVENUES			
Taxes	1,141,613	-	1,141,613
Licenses and Permits	38,217	897 ¹	39,114
Fees and Services	78,089	(2,360) ^{1/2/4}	75,729
Sales	-	26,887 ^{1/3}	26,887
Investment Income	5,921	5,615 ^{1/2/4}	11,536
Other Income	14,441	13,070 ^{1/2/3/4}	27,511
Government of Canada	974,042	25,127 ^{1/2/4}	999,169
Government Business Enterprises	58,463	-	58,463
Sinking Fund Earnings	11,900	-	11,900
Consolidated Agencies Revenue	66,819	(66,819) ^{1/2/4}	-
Total Revenues	2,389,505	2,417	2,391,922
EXPENSES			
Agriculture and Land	38,907	56,693 ^{1/2/4}	95,600
Auditor General	2,672	-	2,672
Economic Growth, Tourism and Culture	109,644	12,509 ^{1/2/4}	122,153
Education and Lifelong Learning	423,314	929 ^{1/2/4}	424,243
Environment, Energy and Climate Action	77,094	- ²	77,094
Executive Council	9,974	-	9,974
Finance	200,032	282 ^{1/2/4}	200,314
Fisheries and Communities	46,791	427 ^{1/2/4}	47,218
Health and Wellness	846,182	(3,937) ^{1/2/4}	842,245
Justice and Public Safety	66,394	200 ^{1/2/4}	66,594
Legislative Assembly	8,019	-	8,019
Public Service Commission	8,576	-	8,576
Social Development and Housing	172,967	(202)	172,765
Transportation and Infrastructure	201,526	(1,779) ^{1/2/4}	199,747
Consolidated Agencies Expenses	63,410	(63,410) ^{1/2/4}	-
Total Program Expenses	2,275,502	1,712	2,277,214
Interest Charges on Debt	127,548	705 ^{1/2/4}	128,253
Amortization of Tangible Capital Assets	98,609	-	98,609
Total Expenses	2,501,659	2,417	2,504,076
Consolidated Deficit	(112,154)		(112,154)

¹ Restatement of revenues and expenses to include consolidated Agencies (per Agency budgets).

² Adjustment for inter-organizational transactions.

³ Re-allocate a portion of Operating Fund Other Income to Sales.

⁴ Adjustment for items included in Operating Fund budget and Agency budgets.

This schedule outlines the changes in the Province's 2021-2022 budget to present, for comparative purposes, the inclusion of consolidated agencies on a line by line basis. The "Budget per Estimates Book" is taken from the *Province of P.E.I.'s Estimates of Revenue and Expenditures 2021-2022*.

39 Provincial Reporting Entity

The Provincial Reporting Entity is comprised of the Operating Fund (departments and government units) and the following Agencies, Boards and Crown Corporations:

Government Organizations¹

Employment Development Agency	P.E.I. Crown Building Corporation
Finance PEI	P.E.I. Grain Elevators Corporation ²
Atlantic Technology Centre Inc.	P.E.I. Housing Corporation
100417 P.E.I. Inc.	P.E.I. Human Rights Commission
P.E.I. Infrastructure Inc.	P.E.I. Marine Science Organization
French Language School Board	P.E.I. Museum and Heritage Foundation
Health PEI	P.E.I. Regulatory and Appeals Commission
Innovation PEI	P.E.I. Self-Insurance and Risk Management Fund
F.T.C. Enterprises Limited	P.E.I. Student Financial Assistance Corporation
LaunchPad PEI Inc.	Public Schools Branch
P.E.I. Advisory Council on the Status of Women	Summerside Regional Development Corporation Ltd.
P.E.I. Agricultural Insurance Corporation	Tourism PEI

Government Business Enterprises³

Charlottetown Area Development Corporation ⁴	P.E.I. Cannabis Management Corporation
Harbourside Management Services Inc.	P.E.I. Energy Corporation
Island Investment Development Inc.	P.E.I. Liquor Control Commission
Prince Edward Island Century 2000 Fund Inc.	P.E.I. Lotteries Commission
Slemon Park Corporation	
Island Waste Management Corporation	
Environmental Industrial Services Inc.	

¹ Government Organizations are included in the Provincial Reporting Entity using the consolidation method of accounting (see Note 1(b)).

² The P.E.I. Grain Elevators Corporation has a fiscal year end of July 31, 2021.

³ Government Business Enterprises are included in the Provincial Reporting Entity using the modified equity method of accounting (see Note 1(b)).

⁴ The Province owns 81% of Charlottetown Area Development Corporation. The minority interest of 19% is deducted in calculating the Province's investment in the Corporation.